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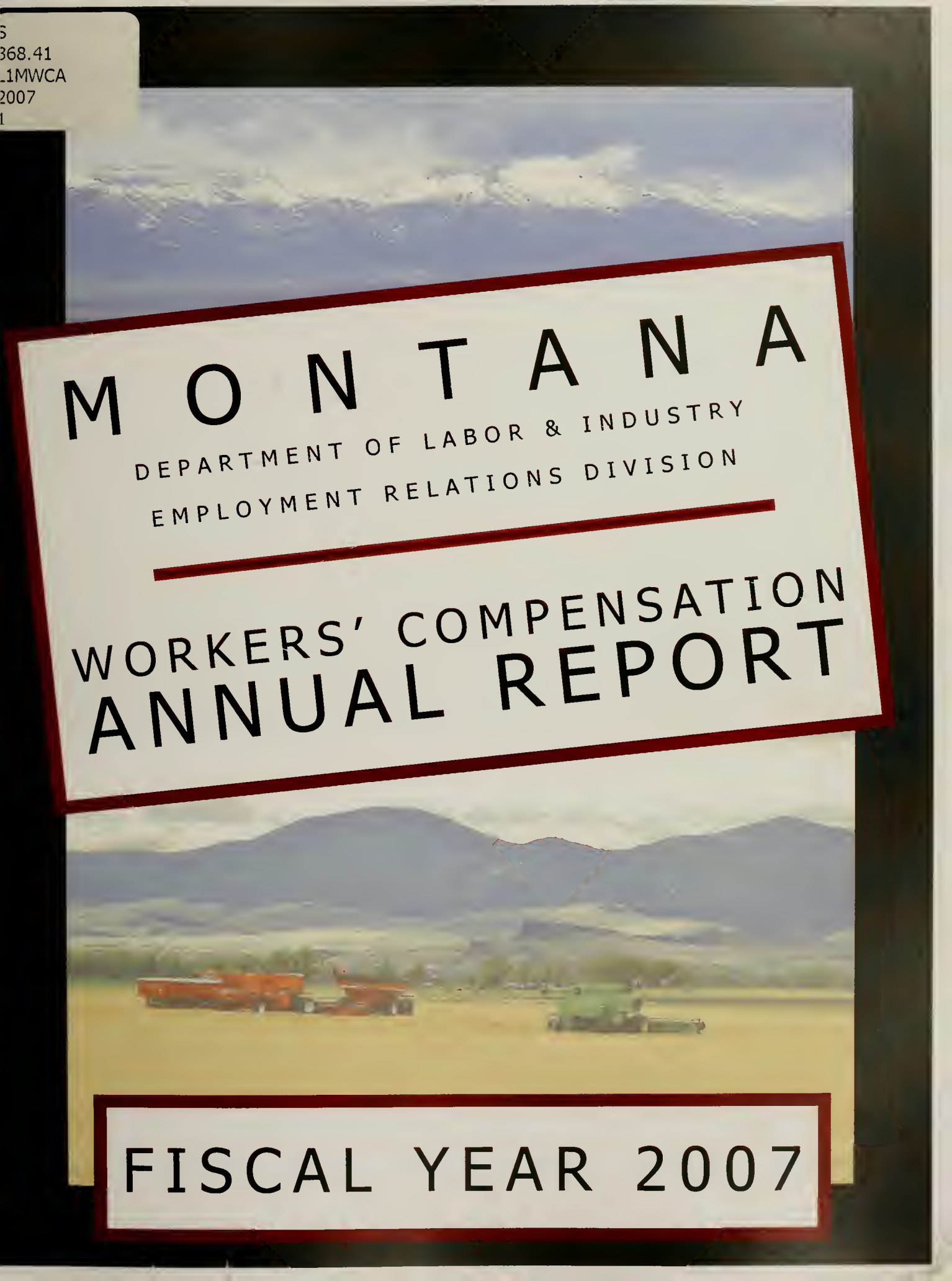

MONTANA

DEPARTMENT OF LABOR & INDUSTRY

EMPLOYMENT RELATIONS DIVISION

WORKERS' COMPENSATION ANNUAL REPORT

FISCAL YEAR 2007

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MONTANA DEPARTMENT OF LABOR & INDUSTRY

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Montana
Department of Labor and Industry
Commissioner's Office

Governor Brian Schweitzer
Keith Kelly, Commissioner

Dear Colleagues and Fellow Montanans,

It is my honor to present the 2007 Workers' Compensation Annual Report to the Governor, the legislature, and to stakeholders in Montana's workers' compensation system. This report provides an overview of system activities, statistics, and benchmarks.

This year will be regarded as an important year for workers' compensation stakeholders in Montana. Through the efforts of the Labor-Management Advisory Council on Workers' Compensation, areas vital to the improvement of the workers' compensation system have been studied and addressed. The Council is tasked with examining injury prevention, medical fee schedules, return to work programs, and claims settlements.

One of the biggest changes this year was the overhaul of the medical fee schedule governing medical treatment of injured workers. As a result of the changes to the fee schedule, the National Council on Compensation Insurance announced that workers' compensation rates in Montana would be decreased by 2.9% equating to a projected $11 million in savings. This decrease combined with improved frequency rates of injury and moderation in indemnity costs during the last two years, resulted in a total average savings to Montana businesses of 5.9%, equating to a projected $22 million.

The Department of Labor and Industry teamed up with stakeholders to host summits in Billings, Great Falls, and Missoula. These meetings, called 60 Summits: Montana, brought together more than 250 individuals with differing perspectives on workers' compensation to implement a culture change in the way Montana deals with return to work and needless work disability.

In the coming year, we will continue to work hard to address the challenges of the workers' compensation system by:

- Continuing the implementation of WorkSafeMT, a program aimed at reducing the number and severity of injuries in the Montana workplace
- Completing a major survey project that assesses the status of return to work programs and workers' compensation satisfaction in Montana

By reviewing these efforts and the information presented in this annual report, you will gain an awareness of the Department's continuing goals of fostering a favorable business climate in Montana and better care of injured workers.

Sincerely,

Keith Kelly

Keith Kelly
Commissioner

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Summary

Listed below are highlights from the Montana Workers' Compensation Annual Report, Fiscal Year 2007. This report contains information about Montana's workers' compensation system, including injury statistics and characteristics, benefits paid by insurers, dispute resolution and miscellaneous regulatory programs and functions. Unless otherwise cited, all reported numbers, charts, and tables are derived from the State of Montana workers' compensation database (WCAP).

Claims Statistics

There were 30,970 claims reported in Fiscal Year 2007 (FY07) compared with 32,903 reported in FY06, a decrease of 5.9%. This decrease represents a continuation of a downward trend in annual claims from FY03 to FY07. Over that time period, private carriers witnessed a 23.4% decrease in the number of claims reported. The number of claims reported by self-insured carriers decreased by 2.2%. Claims reported by Montana State Fund increased by 4.3%. The service industry was responsible for 27.3% of all claims reported in FY07, the most of any industry. The most common nature of injury in FY07 was sprain/rupture, which accounted for 42.8% of injuries. Strains, jumping, or lifting caused more injuries than other categories of cause (25.8%) and upper extremities were more often injured (31.9% of injuries) than other parts of the body. In FY07, 6,753 claims were denied by insurers, 625 more than in FY06.

Benefits

Total indemnity (wage loss) and medical benefits paid in FY07 were $233.9 million, which represented a 3.0% increase from FY06. The increase in benefits was distributed across medical payments (4.1% increase) and wage loss payments (1.2% increase). This year's annual report includes a reconfiguration of previous years' "benefit triangles," which now give information on claim counts and average benefit amounts over time. Also new to this year's edition, we have created a section on insurer legal fees.

Dispute Resolution

The Mediation Unit of the Employment Relations Division (ERD) is the front line in dispute resolution. The unit holds conferences between disputing parties and issues written recommendations. During FY07, the unit processed 1,312 petitions, with a resolution rate of 79%.

The Hearings Bureau received 15 new petitions for contested case hearings in FY07, an increase of 50% from FY06.

The Workers' Compensation Court (WCC) received 225 petitions, dismissed 80 petitions and issued 192 decisions in FY07.

Workers' Compensation Assessments as Expended

The administration of the Workers' Compensation and Occupational Disease Acts and the various occupational safety laws is funded by an assessment on employers and insurers. The cost of the regulatory functions in FY 07 was $5.77 million. Beginning in FY00, a new process was instituted and each insurer was assessed 3% of benefits paid. For policies written by private insurers and the Montana State Fund, the assessment is collected as a premium surcharge paid by individual policy holders.

Subsequent Injury Fund

Subsequent Injury Fund (SIF) payments in FY07 for all dates of injury totaled $592,637. There were 177 new SIF certifications during FY07 resulting in a total of 4,003 certified individuals in Montana.

Uninsured Employers' Fund

Uninsured Employers' Fund (UEF) provides benefits for injured employees when employers are without appropriate workers' compensation insurance. In FY07, UEF collections increased 25.5% from FY06, totaling $2.57 million. There were 63 new claims and injured workers received $1.06 million in medical and indemnity benefits in FY07.

Occupational Safety & Health

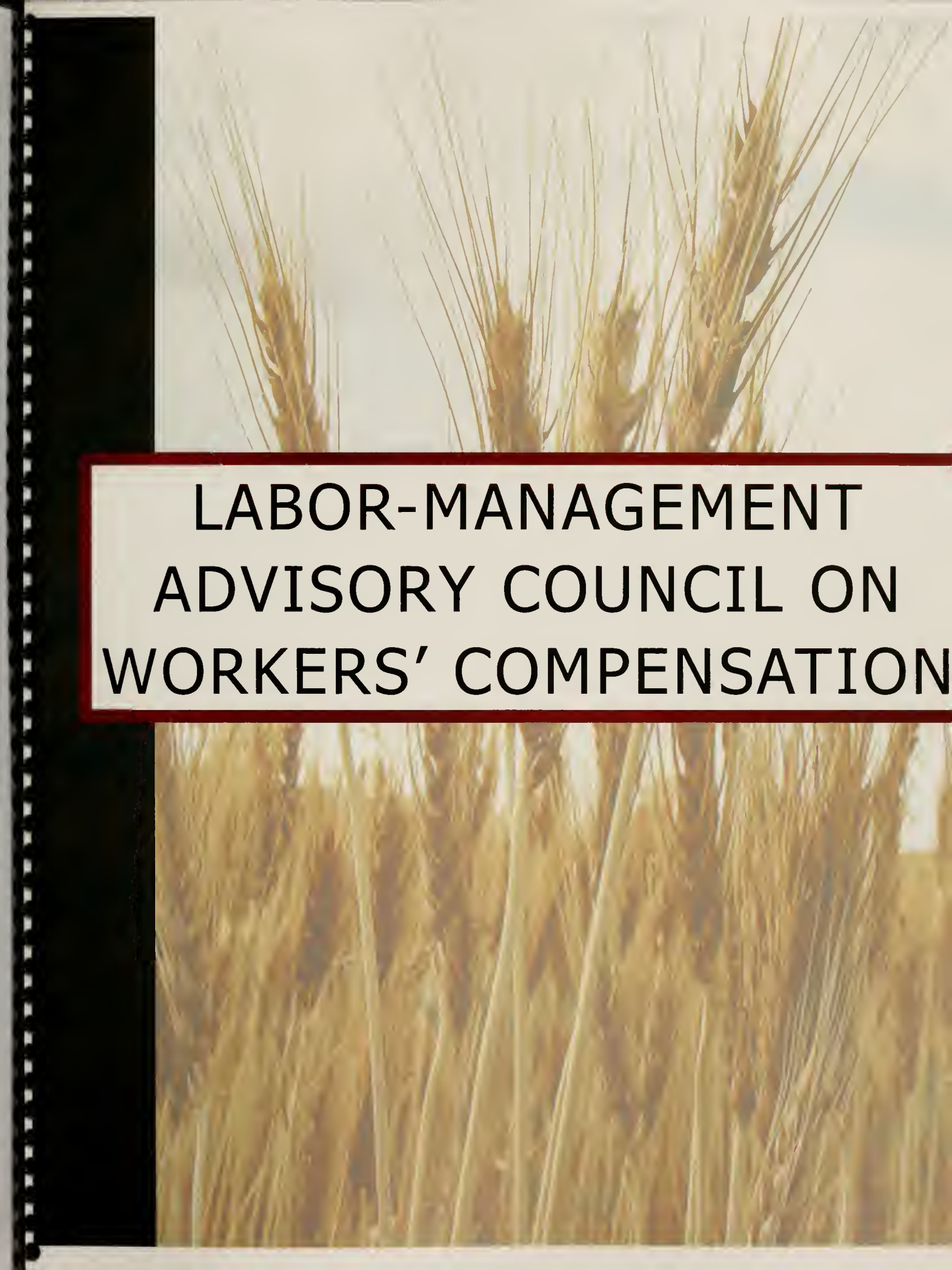
The Occupational Safety & Health Bureau provides extensive statewide services to improve safety culture in Montana. Staff performed 578 inspections for the public sector and 284 consultation visits for the private sector. In addition, staff performed 35 inspections for the coal mining industry and 62 inspections for sand and gravel operations. The Bureau Training Institute provided 40 occupational safety and health training courses and participated in a number of local health and safety focus groups aimed at improving safety knowledge and networking.

Independent Contractor Exemptions

Independent contractors who do not wish to be covered under workers' compensation insurance may file for an exemption with the Department of Labor and Industry (DLI). The number of independent contractor exemption applications received for FY07 totaled 8,440 of which 7,691 were approved. Sixty percent of independent contractors are in the construction industry.

Professional Employer Organizations

To be licensed, a Professional Employer Organization (PEO) must submit an application and proof of workers' compensation coverage. Thirty-seven PEOs were licensed in Montana at the end of FY07. These PEOs leased 3,339 employees to 557 client companies.



LABOR-MANAGEMENT ADVISORY COUNCIL ON WORKERS' COMPENSATION

Labor-Management Advisory Council on Workers' Compensation

The Labor-Management Advisory Council (LMAC) was commissioned by the Department of Labor and Industry in 2006. The goal of the LMAC is to enhance business competitiveness through a safe and healthy workforce, while maintaining benefits to injured workers and reducing insurance costs. The LMAC has five employer representatives: Bill Dahlgren (Sun Mountain Sports), Annette Hoffman (St. Vincent's Healthcare), Riley Johnson (National Federation of Independent Business), Connie Welsh (State of Montana) and Bob Worthington (Montana Municipal Insurance Authority); and five labor representatives, Doug Buman (Laborers' International Union of North America), Jacquie Helt (AFL-CIO), Dan Lee (AFL-CIO), Don Judge (Injured Workers Resource Council), and Jason Miller.

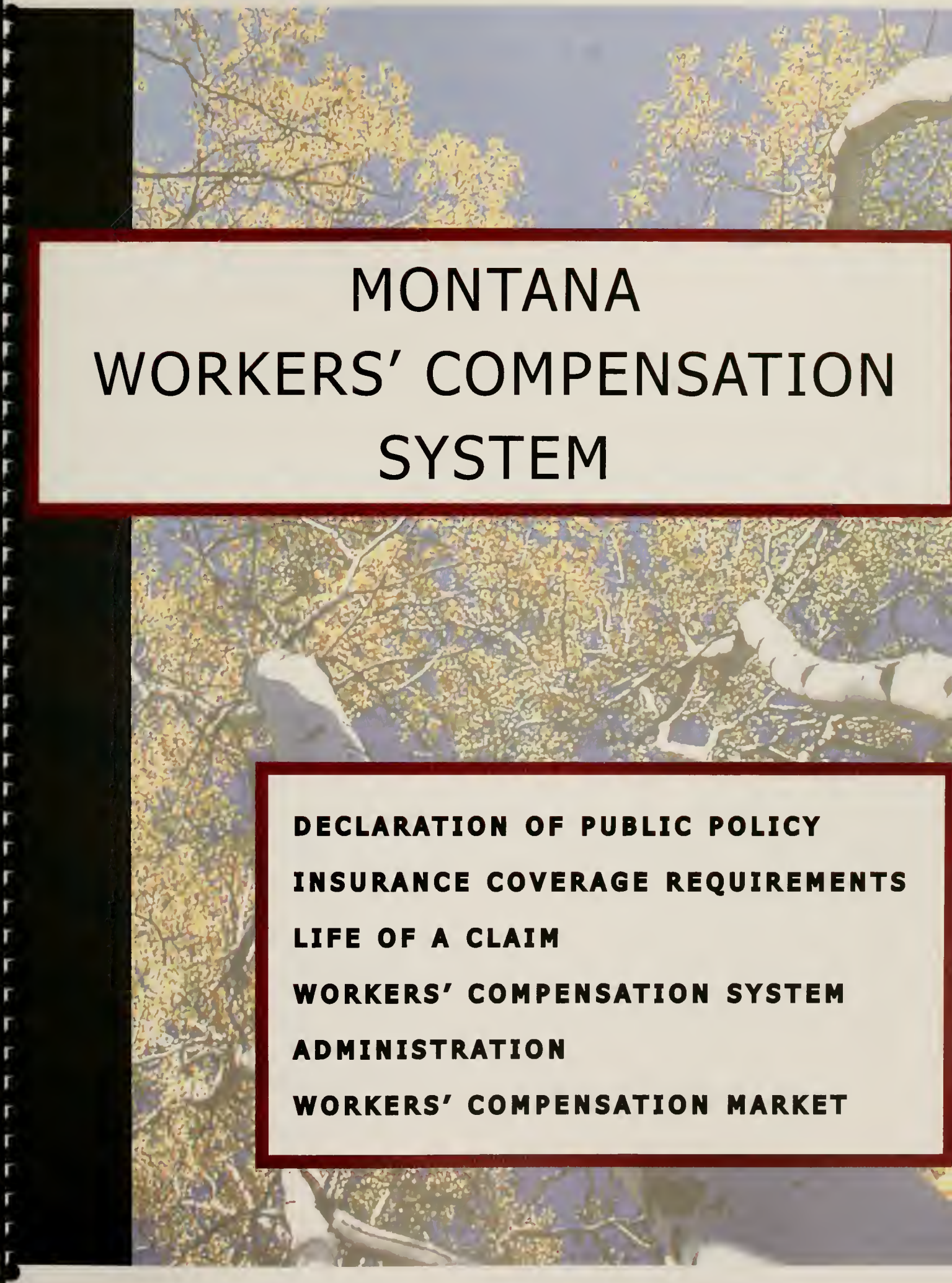
According to the 2005 Bureau of Labor Statistics, Montana's injury rate is 57% higher than the national average. The National Council on Compensation Insurance (NCCI) projects that Montana could reduce costs by 37.5% and save $145 million in workers' compensation costs if the frequency of injury among Montana's workers was reduced to the national average.

Lessening the duration of work-related injuries would likewise reduce costs. Currently, an injured worker in Montana is off work an average of 136 days. If Montana was in line with the national average for duration (85 days), the system could save $12.5 million per year (NCCI estimate). Based on the fact that Montana has significantly higher frequency and duration rates than the national average, safety and return-to-work have become primary areas of emphasis for the LMAC.

To address these two major impact areas, the LMAC recently formed a public/private partnership called WorkSafeMT to direct and coordinate a host of safety programs and return-to-work programs and hired a project manager. WorkSafeMT is modeled on WorkSafeBC (British Columbia), which has an impressive multi-year track record of measurable success.

The LMAC coordinated "60 Summits: Montana" workshops in Billings, Great Falls, and Missoula in April 2008. Over 250 business owners, medical providers, claims examiners, insurers, and other workers' compensation professionals heard Dr. Jennifer Christian detail the benefits of return-to-work. Small groups developed action plans for implementing return-to-work recommendations from the American College of Occupational and Environmental Medicine's (ACOEM) guideline titled "Preventing Needless Work Disability by Helping People Stay Employed." The overarching concept was that return-to-work benefits everyone—the injured worker, the employer, and the workers' compensation system.

Advisory Council meetings are open to the public and public comment is encouraged. For more information on the council, visit http://erd.dli.mt.gov/wcstudyproject/labormngmntadvisorycouncilonwc.asp.



MONTANA WORKERS' COMPENSATION SYSTEM

DECLARATION OF PUBLIC POLICY

INSURANCE COVERAGE REQUIREMENTS

LIFE OF A CLAIM

WORKERS' COMPENSATION SYSTEM ADMINISTRATION

WORKERS' COMPENSATION MARKET

Declaration of Public Policy [1]

It is an objective of the Montana workers' compensation system to provide, without regard to fault, wage-loss and medical benefits to a worker suffering from a work-related injury or disease. Wage-loss benefits are not intended to make an injured worker whole, but are intended to assist a worker at a reasonable cost to the employer. Within that limitation, the wage-loss benefit should bear a reasonable relationship to actual wages lost as a result of a work-related injury or disease.

It is the intent of the legislature to assert that a conclusive presumption exists that recognizes that a holder of a current, valid independent contractor exemption certificate issued by the department is an independent contractor if the person is working under the independent contractor exemption certificate. The holder of an independent contractor exemption certificate waives the rights, benefits, and obligations of this chapter unless the person has elected to be bound personally and individually by the provisions of compensation plan No. 1, 2, or 3.

A worker's removal from the workforce because of a work-related injury or disease has a negative impact on the worker, the worker's family, the employer, and the general public. Therefore, an objective of the workers' compensation system is to return a worker to work as soon as possible after the worker has suffered a work-related injury or disease.

Montana's workers' compensation and occupational disease insurance systems are intended to be primarily self-administering. Claimants should be able to speedily obtain benefits, and employers should be able to provide coverage at reasonably constant rates. To meet these objectives, the system must be designed to minimize reliance upon lawyers and the courts to obtain benefits and interpret liabilities.

Title 39, chapter 71, MCA must be construed according to its terms and not liberally in favor of any party. The legislature's intent regarding stress claims, often referred to as mental-mental claims and mental-physical claims, are not compensable under Montana's workers' compensation and occupational disease laws. The legislature recognizes that these claims are difficult to objectively verify and that the claims have a potential to place an economic burden on the workers' compensation and occupational disease system. The legislature also recognizes that there are other states that do not provide compensation for various categories of stress claims and that stress claims have presented economic problems for certain other jurisdictions. In addition, not all injuries are compensable under the present system, and it is within the legislature's authority to define the limits of the workers' compensation and occupational disease system.

---

[1] §39-71-105, MCA (2007)

Insurance Coverage Requirements

If you are an employer or an employee, the Workers' Compensation and Occupational Disease Acts apply to you. An employer who has an employee in service under any appointment or contract of hire, expressed or implied, oral or written, must elect to be bound by the provisions of compensation Plan 1 (self-insured), Plan 2 (private insurance companies) or Plan 3 (Montana State Fund).

Employment Exempted

The Workers' Compensation Act[2] may not apply to any of the following employments:

- Household or domestic employment
- Casual employment
- Dependent member of an employer's family for whom an exemption may be claimed by the employer under the Federal Internal Revenue Code
- Sole proprietors, working members of a partnership, working members of a limited liability partnership, or working members of a member-managed limited liability company
- Real estate, securities or insurance salesperson paid solely by commission without a guarantee of minimum earnings
- A direct seller
- Employment for which a rule of liability for injury, occupational disease, or death is provided under the laws of the United States
- A person performing services in return for aid or sustenance only, except employment of search and rescue volunteers
- Employment with a railroad engaged in interstate commerce, except railroad construction work
- An official, including a timer, referee, umpire or judge, at a school amateur athletic event
- A person performing services as a newspaper carrier or freelance correspondent
- Cosmetologist's services and barber's services
- A person who is employed by an enrolled tribal member or an association, business, corporation, or other entity that is at least 51% owned by an enrolled tribal member or members, whose business is conducted solely within the reservation
- A jockey who is performing under a license issued by the Board of Horse Racing, from the time the jockey reports to the scale room prior to a race, through the time weighed out, and has acknowledged in writing that jockey is not covered while performing services as a jockey
- Trainer, assistant trainer, exercise person or pony person who is providing services under the Board of Horse Racing while on the grounds of a licensed race meet
- An employer's spouse
- A petroleum land professional
- An officer of a quasi-public or a private corporation or manager of a manager-managed limited liability company
- A person who is an officer or a manager of a ditch company
- Service performed by an ordained, commissioned or licensed minister of a church
- Independent Contractors
- Providers of companionship services or respite care, if a family member or legal guardian hires the person providing care
- A person performing services of an intrastate or interstate common or contract motor carrier when hired by an individual or entity who meet the definition of a broker
- An athlete engaged in a contact sport

[2] MCA (2007)

Life of a Claim[3]

Accidents do happen and when a Montana worker files a workers' compensation claim, the life of that claim is dictated primarily by statute. Progress of a typical workers' compensation claim in Montana is determined by the following guidelines:

- Once the injury occurs, the injured worker or their authorized representative has 30 days from the date of injury to notify the employer (employer, managing agent or superintendent in charge of the work) or the insurer. [§39-71-603, MCA]

- The employer then has six days from date of notification of an injury to report the injury to the insurer or the DLI. [§39-71-307, MCA, and ARM 24.29.801]

- The claimant or the claimant's representative has 12 months from the date of injury to file a claim. [§39-71-601(1), MCA] The claim filing time can be extended up to an additional 24 months if it can be proven that the worker was somehow prevented from filing the claim because of something the employer or the insurer said or did, or if the injury was latent or the worker lacked knowledge of disability. [§39-71-601(2), MCA]

- The signed claim form or First Report of Injury and Occupational Disease (FROI) (form ERD-991) can be submitted to the employer or sent directly to the insurer or the DLI. [§39-71-601(1), MCA]

- The insurer shall accept or deny a claim within 30 days of receipt of a signed claim for compensation by the claimant, the employer or the claimant's representative. If the claim is denied, the worker is notified in writing of the denial. [§39-71-606, MCA]

- If further investigation is needed before the insurer accepts liability and the 30 day limitation for a decision on compensability is due to expire, the insurer may pay wage loss and/or medical benefits without such payment being an indication of admission of liability or waiver of any right of defense. [§§39-71-608 and 39-71-615, MCA]

- The first 4 days or 32 hours (whichever is less) of total wage loss is not compensable, but a claimant may use sick leave during this time. A claimant cannot use sick leave and receive wage loss benefits at the same time. [§39-71-736, MCA]

- In addition to using an emergency room or urgent care center, the claimant has the right to select the first treating physician (within the treating physician definition). The insurer must then approve changes of treating physicians. The insurer has the right to deny payment for any unauthorized medical referrals and treatments. [§39-71-1101, MCA, and ARM 24.29.1510]

[3] MCA (2007)

- The physician bills the insurer directly. Payment is made according to a fee schedule. [§39-71-704(2) and (3), MCA] Once the insurer has accepted a claim, the medical provider must accept the fee scheduled reimbursement as payment in full, and the claimant is not responsible for any balance.

- The claimant is responsible for payment of: (1) unauthorized treatment, (2) medical care not related to the injury, (3) medical services if treatment is not received for 60 months, (4) secondary medical services and palliative or maintenance care unless specifically covered, and (5) medical procedures specifically excluded. [ARM 24.29.1401 and §39-71-704, MCA]

- Temporary total disability (TTD) benefits are based on 66⅔% of the claimant's average weekly gross wages, subject to a maximum of the state's average weekly wage, and are paid bi-weekly until the claimant returns to work or has reached maximum medical improvement (MMI). [§§39-71-701 and 39-71-740, MCA] If the claimant is classified as permanently totally disabled (PTD), benefits can continue until the claimant reaches retirement age. [§39-71-710, MCA]

- If prior to attaining maximum medical improvement (MMI) and due to medical restrictions, the claimant returns to work at less than the wages received at the time of injury, they may be entitled to temporary partial disability (TPD) benefits. Temporary partial disability is limited to 26 weeks unless extended by the insurer. [§39-71-712, MCA]

- If after reaching MMI, the claimant has a residual impairment, greater than zero, the insurer is required to pay out the permanent partial disability (PPD) liability bi-weekly, unless the claimant requests a lump sum payment. [§§39-71-703 and 39-71-741, MCA]

- Other permanent partial disability liability is based on age, education, loss of earning capacity and work capacity restrictions. These criteria are determined based on the specifics of each individual case. [§39-71-703, MCA]

- If the worker is precluded from returning to the job they held at the time of injury and suffers an actual wage loss or has an impairment of 15% or greater, the worker is eligible for rehabilitation services. The insurer designates a rehabilitation provider and rehabilitation services are provided with the goal of returning the claimant to work as soon as possible. If a rehabilitation plan is established which indicates some type of retraining, the claimant may be eligible to receive monies for tuition, fees, books and other reasonable and necessary retraining expenses. The worker may also receive biweekly benefit payments based on the temporary total disability rate. [§39-71-1006, MCA] Financial assistance may also be available for reasonable travel and relocation for training and job-related expenses, subject to a maximum amount of $4,000. [§39-71-1025, MCA]

- Medical benefits may remain available for at least 60 months (5 years) from the last date of service. The insurer may not be required to furnish palliative or maintenance care after the claimant has achieved MMI. [§39-71-704(1)(e), MCA]

Workers' Compensation System Administration

Employment Relations Division provides a wide variety of services and regulation related to workers' compensation and safety.

Workers' Compensation Regulation Bureau

The **Carrier Compliance Unit** monitors compliance of private workers' compensation carriers (Plan 2). The unit also licenses professional employer organizations and processes extraterritorial agreements.

The **Contractor Registration Unit** ensures construction businesses with employees register and are in compliance with workers' compensation requirements. The law provides protection from liability for workers' compensation claims for contractors who use the service of other registered construction contractors.

The **Independent Contractor Central Unit** issues decisions on employment relationships for the Department of Revenue, Labor Standards, Unemployment Insurance, Human Rights and Workers' Compensation. The unit also issues Independent Contractor (IC) Exemptions Certificates.

The **Medical Regulations Unit** develops fee schedules to provide an effective and equitable method of health care cost containment. Medical fee schedules are established by the unit and utilized by insurers to reimburse medical providers.

The **Self-Insurance Unit** administers a program for employers who elect to be self-insured for workers' compensation (Plan 1).

The **Subsequent Injury Fund Unit** certifies workers with permanent impairments or that have a substantial obstacle to obtaining employment and administers the funds that are used to offset claim costs associated with subsequent injuries to these workers.

The **Uninsured Employers Fund Unit** makes sure employers and employees are protected under the Workers' Compensation Act. The unit enforces coverage requirements for all employers, pays benefits to injured workers whose employers did not have workers' compensation coverage, and manages the fund from which benefits are paid.

Workers' Compensation Claims Assistance Bureau

The **Claims Unit** ensures compliance with the Workers' Compensation Act relating to benefits and claims. The unit also regulates attorney fees, administers the occupational disease evaluation process and provides assistance to insurers, attorneys and injured workers.

The **Data Management Unit** ensures compliance with claims reporting standards, maintains the workers' compensation database system and provides a comprehensive annual report on workers' compensation to the governor and the legislature. In addition, the unit performs research on various workers' compensation topics.

The **Mediation Unit** provides an alternative method of resolving workers' compensation benefit disputes before the dispute goes to the Workers' Compensation Court. This is a mandatory, non-binding process.

Occupational Safety & Health Bureau

The **Occupational Safety & Health Bureau** conducts inspections of public employers, performs on-site consultations for private employers, and inspects coal mines and sand and gravel operations throughout the state. The Bureau provides safety and occupational health training for both public and private employers.

Workers' Compensation Market

Montana employers have three options for obtaining workers' compensation coverage for their employees.

Employers with sufficient cash reserves may qualify as self-insured (Plan 1), either individually or by joining with other employers in their industry to form a self-insured group. Montana currently has 34 individual self-insured employers, three private groups (121 employers) and five public groups (398 employers).

Employers may obtain coverage with private insurance companies (Plan 2) in the voluntary market. During calendar year 2007, there were 473 private insurance companies that were authorized to write workers' compensation insurance in Montana.

Employers can insure through Montana State Fund (Plan 3). Montana State Fund's role as the guaranteed market assures all Montana employers can provide workers' compensation insurance for their employees.

Premium collected by Plan 2 and Plan 3 insurers and the gross annual payroll paid by Plan 1 employers are reflected in the graphs and table below. Plan 1 employers (self-insured) do not pay insurance premiums and are therefore not included in exhibit 2.2.

Exhibit 2.1

Gross Annual Payroll[2]

Plan 1 – By Calendar Year

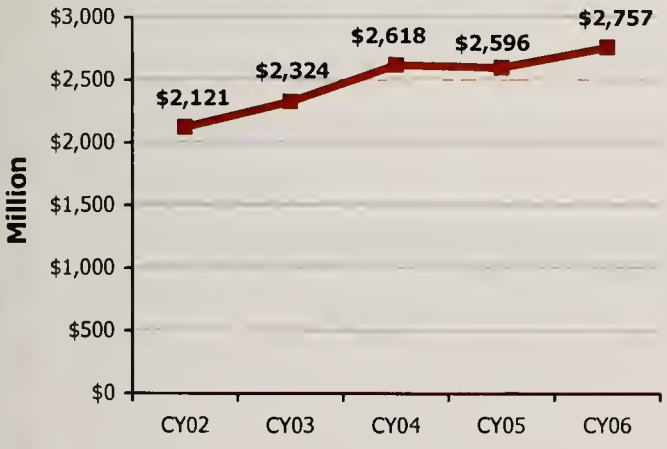


Exhibit 2.2

Premium Dollars

Plans 2 and 3 - By Calendar Year

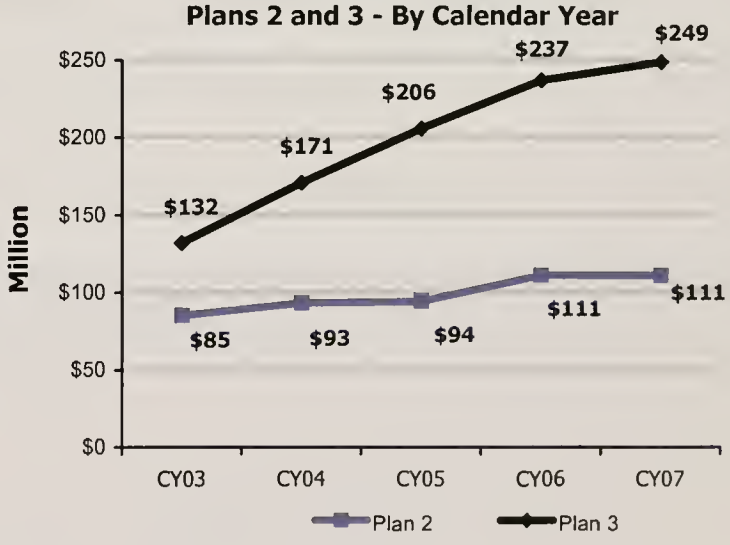


Exhibit 2.3

Market Share

By Plan[1] and Calendar Year

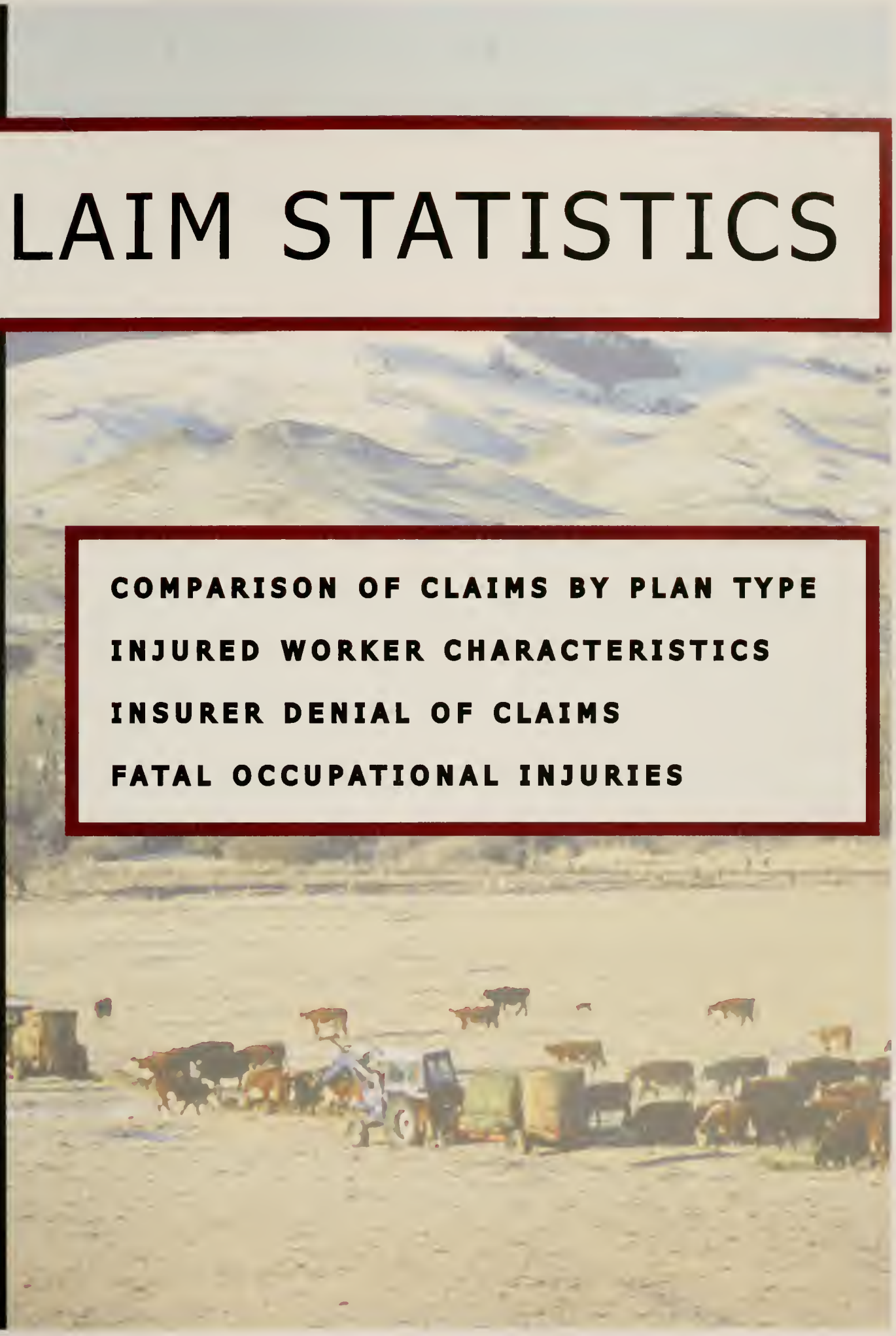
Calendar Year	2002	2003	2004	2005	2006	2007
Plan 1 – Payroll	$2,121,728,801	$2,324,840,487	$2,618,537,774	$2,595,944,979	$2,756,533,153	N/A[2]
Plan 2 – Premium	$81,725,533	$85,081,186	$92,915,175	$93,774,300	$110,681,919	$110,601,722
Plan 3 – Premium	$95,558,150	$131,804,047	$171,439,374	$206,425,227	$237,137,186	$248,995,521

Note:

[1]Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance and Plan 3 – Montana State Fund

[2]Calendar year 2007 Gross Annual Payroll data was not available when this report was published.

CLAIM STATISTICS



COMPARISON OF CLAIMS BY PLAN TYPE

INJURED WORKER CHARACTERISTICS

INSURER DENIAL OF CLAIMS

FATAL OCCUPATIONAL INJURIES

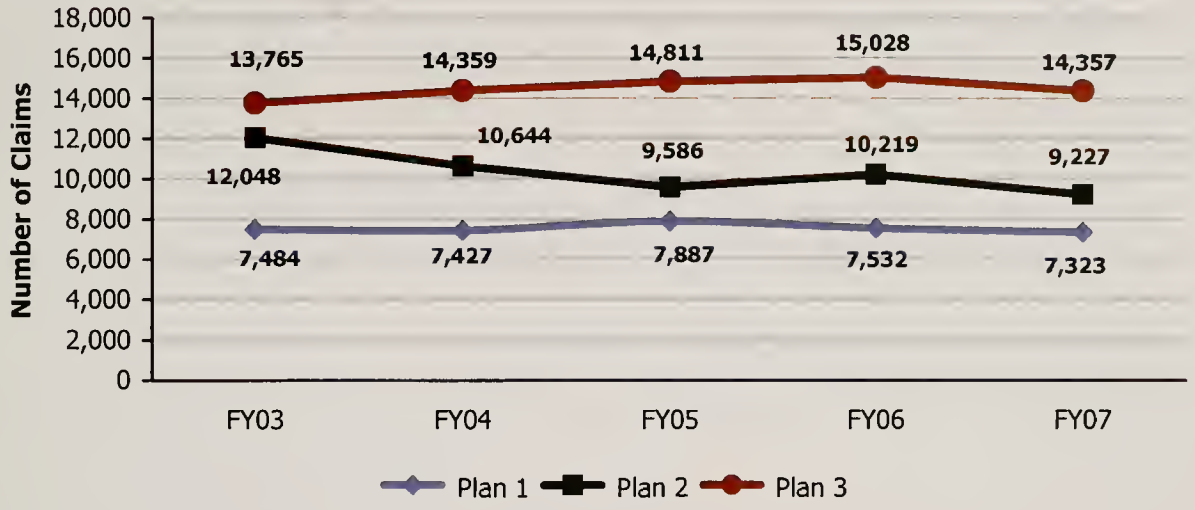
Comparison of Claims by Plan Type

This section provides the most current summary available on reported claims through FY07. The information is based on First Reports of Injury and Occupational Disease received by the ERD. Both medical only and indemnity claims are included.

Exhibit 3.1

Reported Claims[1] - Five Year Trend

By Plan Type[2]



Notes:

[1]Total claim numbers continually change due to reporting.

[2]Plan types: Plan 1 – Self Insured Employers, Plan 2 – Private Insurance, Plan 3 – Montana State Fund.

Exhibit 3.2

Reported Claims[1]

By Plan Type[2] and Fiscal Year of Injury

	FY03		FY04		FY05		FY06		FY07	
Plan Type	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Plan 1	7,484	22.4%	7,427	22.9%	7,887	24.4%	7,532	22.9%	7,323	23.6%
Plan 2	12,048	36.1%	10,644	32.8%	9,586	29.6%	10,219	31.1%	9,227	29.8%
Plan 3	13,765	41.3%	14,359	44.2%	14,811	45.8%	15,028	45.7%	14,357	46.4%
UEF	52	0.2%	69	0.2%	72	0.2%	124	0.4%	63	0.2%
Total	***33,349***	***100%***	***32,499***	***100%***	***32,356***	***100%***	***32,903***	***100%***	***30,970***	***100%***

Notes:

[1]Total claim numbers continually change due to reporting.

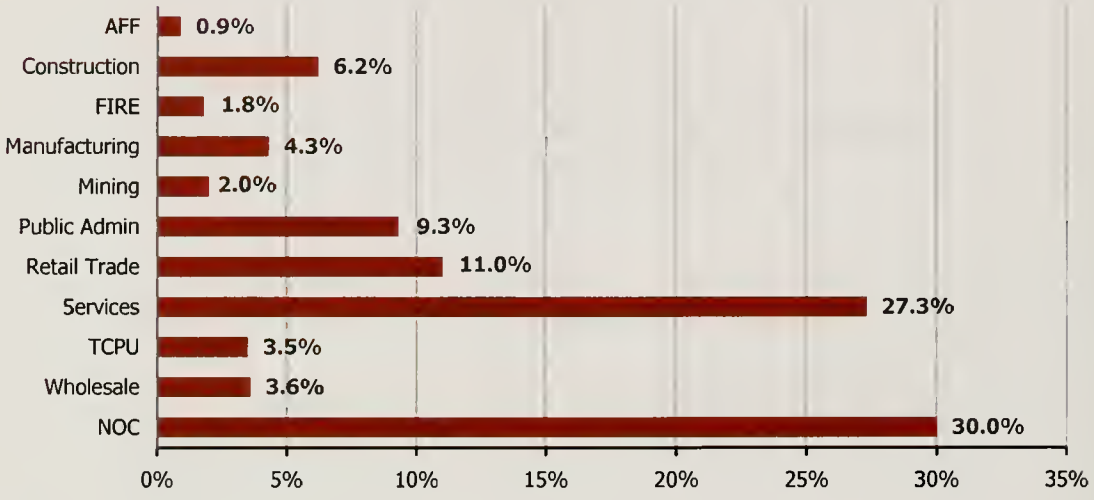
[2]Plan types: Plan 1 – Self Insured Employers, Plan 2 – Private Insurance, Plan 3 – Montana State Fund.

Injured Worker Characteristics

Exhibit 3.3

Reported Claims - FY07

By Standard Industrial Classification Major Groups[1]



Notes:

[1]Source: Office of Management and Budget, *Standard Industrial Classification Manual 1987*.

AFF: Agriculture, Forestry and Fishing.

FIRE: Finance, Insurance and Real Estate.

TCPU: Transportation, Communication and Public Utilities.

NOC: Not Otherwise Classified.

Exhibit 3.4

Reported Claims[1]

By Standard Industrial Classification Major Groups[2] and Fiscal Year of Injury

Standard Industrial Classification	FY03		FY04		FY05		FY06		FY07	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Agriculture, Forestry & Fishing	433	1.3%	356	1.1%	341	1.1%	298	0.9%	278	0.9%
Construction	2,114	6.3%	1,991	6.1%	1,851	5.7%	2,079	6.3%	1,934	6.2%
Finance, Insurance & Real Estate	732	2.2%	680	2.1%	646	2.0%	664	2.0%	561	1.8%
Manufacturing	2,197	6.6%	1,801	5.5%	1,585	4.9%	1,598	4.9%	1,323	4.3%
Mining	481	1.4%	613	1.9%	648	2.0%	652	2.0%	623	2.0%
Public Administration	3,651	10.9%	3,188	9.8%	3,422	10.6%	3,400	10.3%	2,880	9.3%
Retail Trade	4,352	13.0%	4,398	13.5%	4,001	12.4%	3,631	11.0%	3,420	11.0%
Services	8,489	25.5%	8,361	25.7%	8,795	27.2%	8,615	26.2%	8,453	27.3%
Transportation, Communication & Public Utilities	1,302	3.9%	1,202	3.7%	1,139	3.5%	1,214	3.7%	1,091	3.5%
Wholesale Trade	1,386	4.2%	1,236	3.8%	1,176	3.6%	1,098	3.3%	1,108	3.6%
NOC[3]	8,212	24.6%	8,673	26.7%	8,752	27.0%	9,654	29.3%	9,299	30.0%
Total	***33,349***	***100%***	***32,499***	***100%***	***32,356***	***100%***	***32,903***	***100%***	***30,970***	***100%***

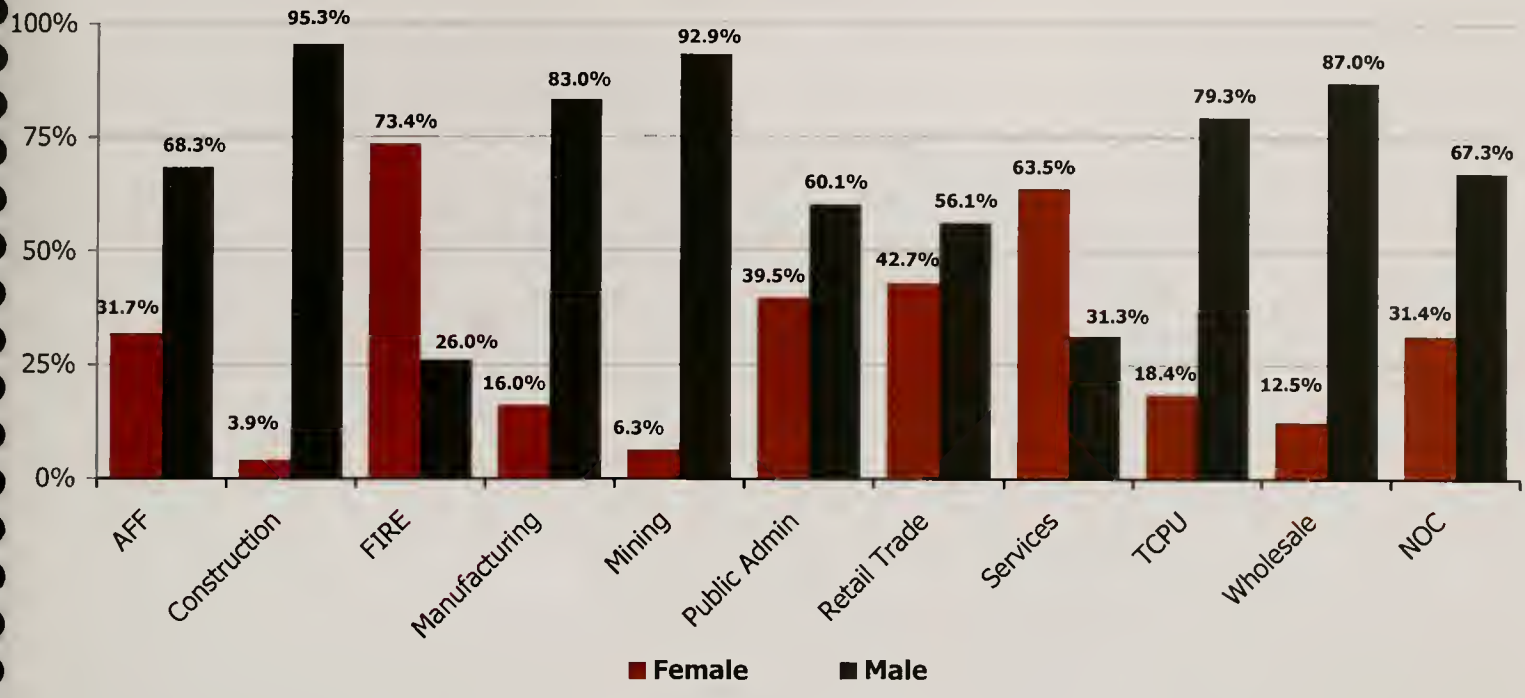
Notes:

[1]Some counts may vary slightly from previous reports due to corrections from insurers.

[2]Source: Office of Management and Budget, *Standard Industrial Classification Manual 1987*

[3]NOC: Not Otherwise Classified

Exhibit 3.5
Reported Claims – FY07
By Standard Industrial Classification Major Groups[1] and Gender



[1]Source: Office of Management and Budget, *Standard Industrial Classification Manual 1987*.
AFF: Agriculture, Forestry and Fishing.
FIRE: Finance, Insurance and Real Estate.
TCPU: Transportation, Communication and Public Utilities.
NOC: Not Otherwise Classified.

Exhibit 3.6
Reported Claims - FY07
By Standard Industrial Classification Major Groups[1] and Gender

Standard Industrial Classification	Female		Male		Not Reported		Total
	Count	Percent[2]	Count	Percent[2]	Count	Percent[2]	Count
Agriculture, Forestry & Fishing	88	31.7%	190	68.3%	0	0.0%	278
Construction	76	3.9%	1,843	95.3%	15	0.8%	1,934
Finance, Insurance & Real Estate	412	73.4%	146	26.0%	3	0.5%	561
Manufacturing	212	16.0%	1,098	83.0%	13	1.0%	1,323
Mining	39	6.3%	579	92.9%	5	0.8%	623
Public Administration	1,139	39.5%	1,730	60.1%	11	0.4%	2,880
Retail Trade	1,461	42.7%	1,917	56.1%	42	1.2%	3,420
Services	5,371	63.5%	2,646	31.3%	436	5.2%	8,453
Transportation, Communication and Public Utilities	201	18.4%	865	79.3%	25	2.3%	1,091
Wholesale Trade	139	12.5%	964	87.0%	5	0.5%	1,108
NOC[2] SIC codes	2,918	31.4%	6,260	67.3%	121	1.3%	9,299
Total	***12,056***	***38.9%***	***18,238***	***58.9%***	***676***	***2.2%***	***30,970***

Notes:
[1]Source: Office of Management and Budget, *Standard Industrial Classification Manual 1987*.
[2]Percentages based on total claims per SIC code, including female, male, and "Not Reported" gender types.

Exhibit 3.7

Reported Claims - FY07

By Nature of Injury[1]

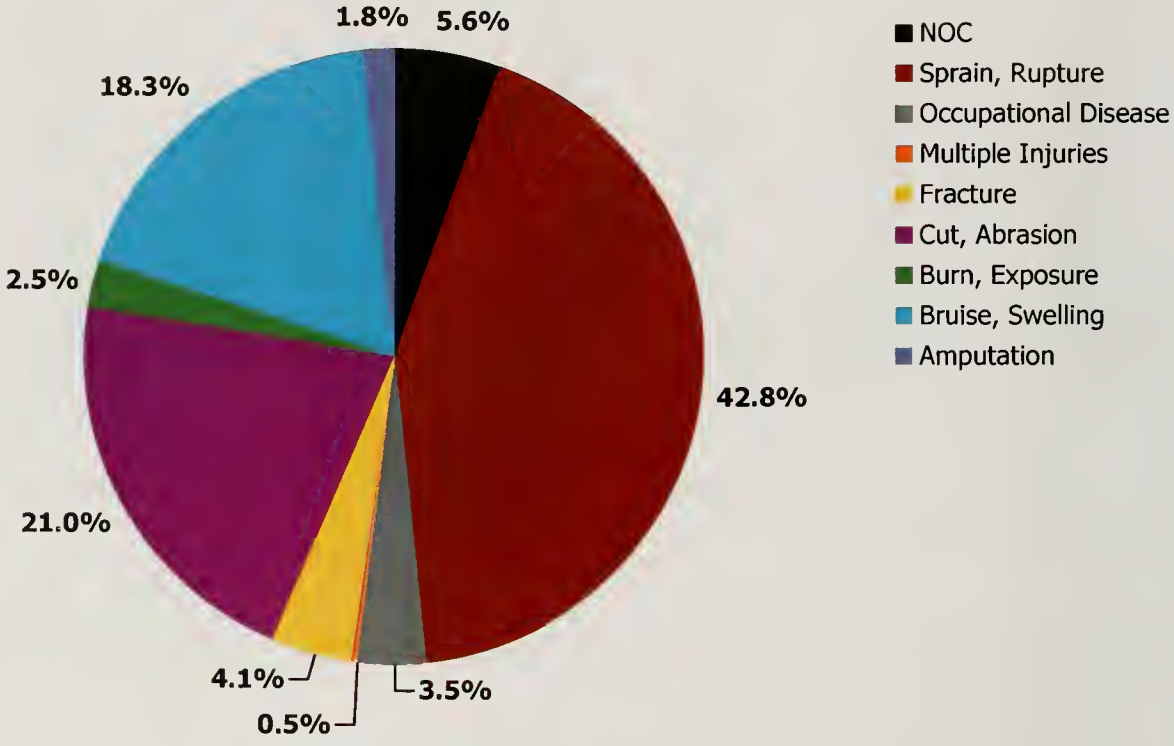


Exhibit 3.8

Reported Claims

By Nature of Injury[1] and Fiscal Year of Injury

	FY03		FY04		FY05		FY06		FY07	
Nature of Injury	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Amputation	783	2.3%	788	2.4%	831	2.6%	803	2.4%	552	1.8%
Bruise, Swelling	5,540	16.6%	5,461	16.8%	5,579	17.2%	5,864	17.8%	5,654	18.3%
Burn, Exposure	775	2.3%	823	2.5%	847	2.6%	849	2.6%	787	2.5%
Cut, Abrasion	6,616	19.8%	6,431	19.8%	6,261	19.4%	6,556	19.9%	6,491	21.0%
Fracture	1,453	4.4%	1,364	4.2%	1,332	4.1%	1,362	4.1%	1,273	4.1%
Multiple Injuries	226	0.7%	219	0.7%	217	0.7%	196	0.6%	154	0.5%
Occupational Disease	1,828	5.5%	1,663	5.1%	1,736	5.4%	1,498	4.6%	1,069	3.5%
Sprain, Rupture	14,515	43.5%	14,449	44.5%	14,073	43.5%	14,036	42.7%	13,251	42.8%
NOC[2]	1,613	4.8%	1,301	4.0%	1,480	4.6%	1,739	5.3%	1,739	5.6%
Total	***33,349***	***100%***	***32,499***	***100%***	***32,356***	***100%***	***32,903***	***100%***	***30,970***	***100%***

Notes:

[1]Source: International Association of Industrial Accident Boards and Commissions (IAIABC).

[2]NOC: Not Otherwise Classified.

Exhibit 3.9
Reported Claims - FY07
By Cause of Injury

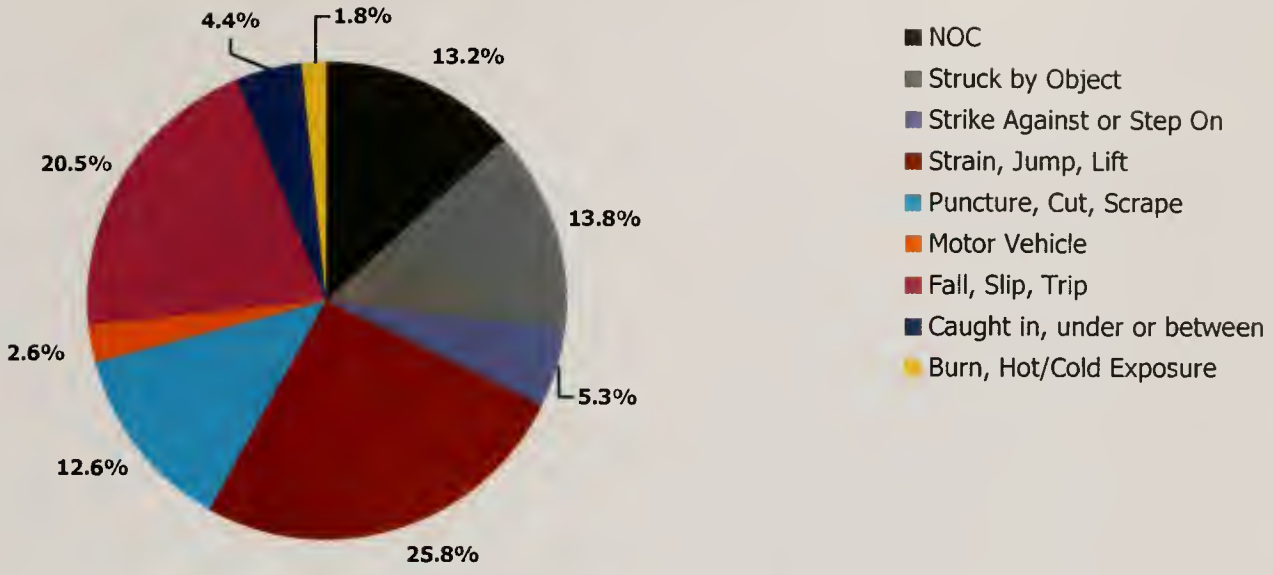


Exhibit 3.10
Reported Claims
By Cause of Injury[1] and Fiscal Year of Injury

	FY03		FY04		FY05		FY06		FY07	
Cause of Injury	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**
Burn, Hot/Cold Exposure	1,273	3.8%	1,319	4.1%	1,383	4.3%	1,162	3.5%	561	1.8%
Caught In, Under or Between	1,614	4.8%	1,519	4.7%	1,488	4.6%	1,511	4.6%	1,358	4.4%
Fall, Slip, Trip	6,000	18.0%	6,035	18.6%	5,889	18.2%	6,271	19.1%	6,364	20.5%
Motor Vehicle	579	1.7%	641	2.0%	571	1.8%	689	2.1%	790	2.6%
Puncture, Cut, Scrape	2,317	6.9%	2,144	6.6%	2,204	6.8%	2,805	8.5%	3,906	12.6%
Strain, Jump, Lift	10,212	30.6%	9,650	29.7%	9,766	30.2%	9,388	28.5%	7,982	25.8%
Strike Against or Step On	1,915	5.7%	2,010	6.2%	1,806	5.6%	1,887	5.7%	1,641	5.3%
Struck by Object	4,627	13.9%	4,562	14.0%	4,655	14.4%	4,587	13.9%	4,265	13.8%
NOC[2]	4,812	14.4%	4,619	14.2%	4,594	14.2%	4,603	14.0%	4,103	13.2%
Total	***33,349***	***100%***	***32,499***	***100%***	***32,356***	***100%***	***32,903***	***100%***	***30,970***	***100%***

Exhibit 3.11
Reported Claims – FY07
By Industry and Cause of Injury[1]

Industry	Burn Hot/ Cold Exposure	Caught in, Under or Between	Fall, Slip, Trip	Motor Vehicle	Puncture, Cut, Scrape	Strain, Jump, Lift	Stike Against or Step on	Struck by Object	All Others	NOC	Totals
AFF	0.7%	5.2%	22.9%	9.2%	10.7%	11.4%	5.5%	28.4%	5.2%	0.7%	100%
Construction	1.4%	5.5%	16.8%	1.9%	20.2%	21.6%	5.9%	15.2%	11.0%	0.6%	100%
FIRE	1.1%	4.6%	27.2%	1.9%	6.5%	22.6%	4.1%	11.1%	20.4%	0.6%	100%
Manufacturing	1.0%	7.9%	13.3%	1.0%	17.7%	27.2%	5.2%	12.9%	13.2%	0.5%	100%
Mining	3.8%	9.9%	12.8%	4.9%	8.5%	26.6%	4.4%	16.7%	11.8%	0.5%	100%
Public Agencies	2.2%	3.4%	22.8%	3.9%	7.0%	22.7%	5.1%	17.5%	15.3%	0.2%	100%
Retail Trade	3.2%	4.1%	17.7%	1.7%	16.6%	30.0%	6.3%	11.7%	8.1%	0.6%	100%
Services	1.9%	3.1%	25.0%	1.6%	11.1%	27.9%	4.6%	14.1%	10.5%	0.2%	100%
TCPU	1.8%	3.7%	22.7%	4.7%	7.4%	33.4%	5.1%	13.2%	7.8%	0.3%	100%
Wholesale Trade	0.8%	6.3%	15.5%	3.5%	11.7%	30.5%	5.1%	13.4%	12.3%	0.9%	100%
Not Reported	1.4%	4.7%	19.2%	3.0%	13.3%	23.1%	5.7%	12.7%	9.2%	7.8%	100%
% of Total Injuries	***1.8%***	***4.4%***	***20.5%***	***2.6%***	***12.6%***	***25.8%***	***5.3%***	***13.8%***	***10.5%***	***2.7%***	***100%***

Notes:

[1]Source: International Association of Industrial Accident Boards and Commissions (IAIABC).

[2]NOC means Not Otherwise Classified.

Exhibit 3.12

Reported Claims – FY07

By Part of Body[1]

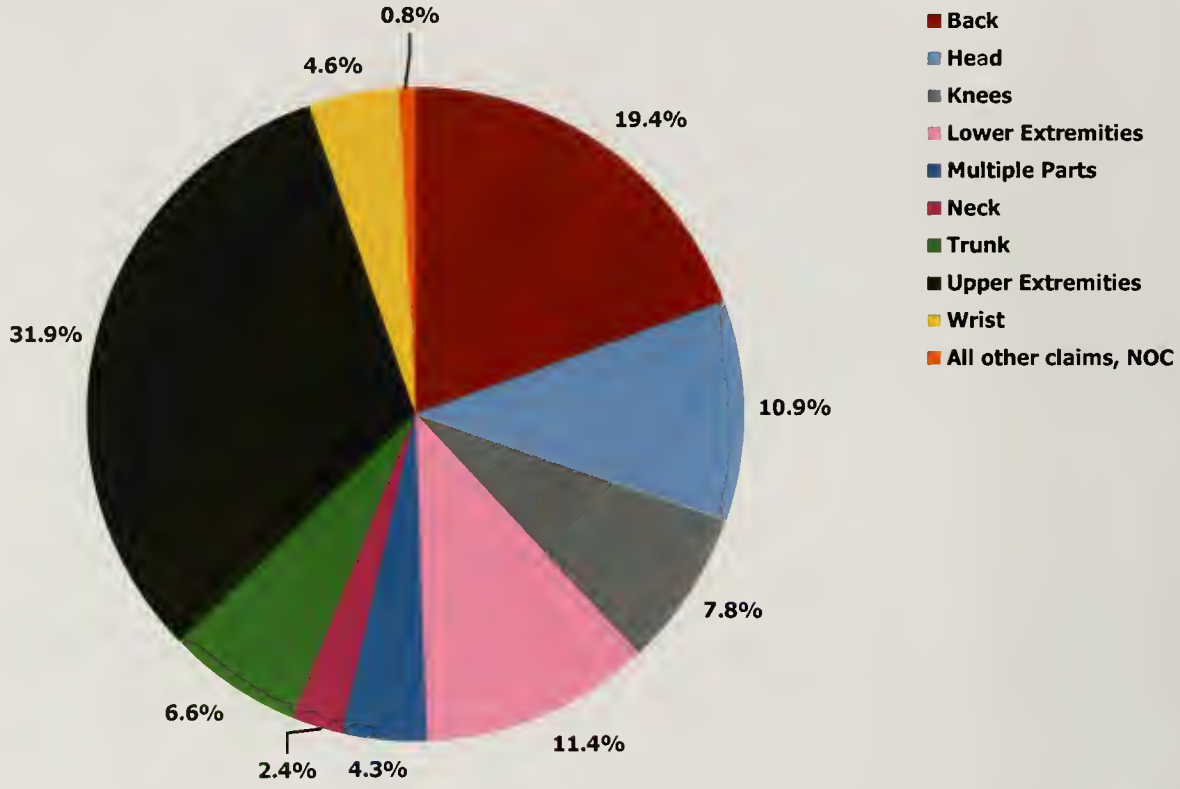


Exhibit 3.13

Reported Claims

By Part of Body[1] and Fiscal Year of Injury

	FY03		FY04		FY05		FY06		FY07	
Part of Body	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Back	6,655	20.0%	6,596	20.3%	6,533	20.2%	6,605	20.1%	6,008	19.4%
Head	3,781	11.3%	3,656	11.2%	3,540	10.9%	3,787	11.5%	3,383	10.9%
Knees	2,480	7.4%	2,562	7.9%	2,434	7.5%	2,491	7.6%	2,413	7.8%
Lower Extremities	3,586	10.8%	3,446	10.6%	3,551	11.0%	3,583	10.9%	3,520	11.4%
Multiple Parts	1,654	5.0%	1,374	4.2%	1,665	5.1%	1,423	4.3%	1,324	4.3%
Neck	832	2.5%	812	2.5%	785	2.4%	755	2.3%	735	2.4%
Trunk	2,094	6.3%	2,099	6.5%	2,141	6.6%	2,072	6.3%	2,038	6.6%
Upper Extremities	10,422	31.3%	10,138	31.2%	9,923	30.7%	10,429	31.7%	9,886	31.9%
Wrist	1,645	4.9%	1,625	5.0%	1,534	4.7%	1,555	4.7%	1,421	4.6%
All Other Claims, NOC[2]	200	0.6%	191	0.6%	250	0.8%	203	0.6%	242	0.8%
Total	***33,349***	***100%***	***32,499***	***100%***	***32,356***	***100%***	***32,903***	***100%***	***30,970***	***100%***

Notes:

[1]Source: International Association of Industrial Accident Boards and Commissions (IAIABC).

[2]NOC means Not Otherwise Classified.

Insurer Denial of Claims

Exhibit 3.14

Insurer Denial of Claims[1]

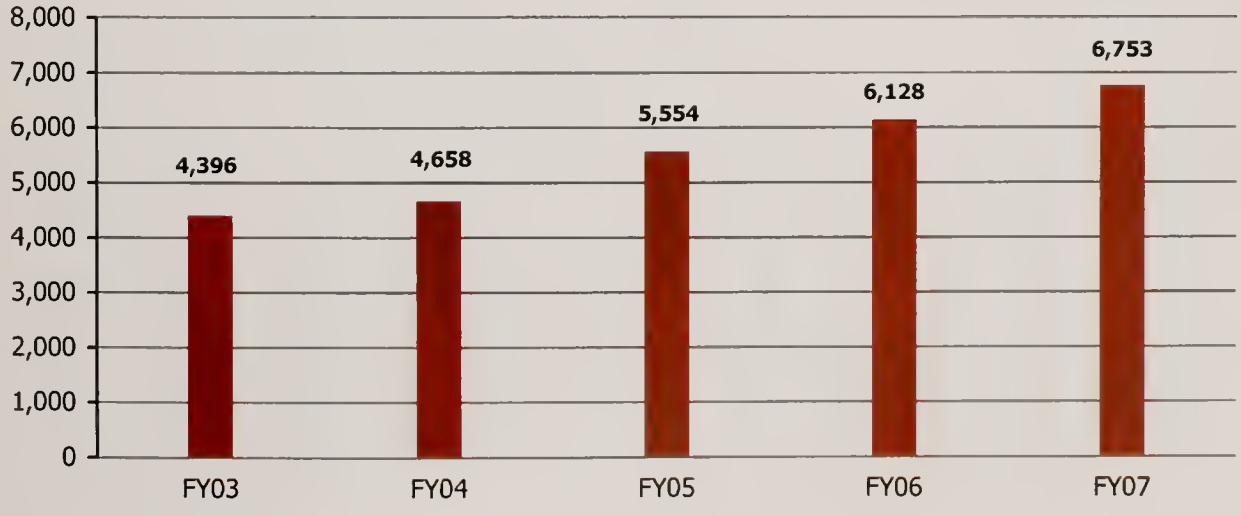
By Reason of Denial and Fiscal Year of Injury

Reason for Claim Denial		FY03	FY04	FY05	FY06	FY07
Coverage Issue	Corporate officer rejected	1	3	5	0	0
	Elects no coverage	4	3	1	4	1
	Independent Contractor issue	1	2	3	1	1
	Question which insurer liable	20	20	14	8	12
	No coverage	10	23	14	51	25
Definition of Injury	Heart attack - not caused by accident	11	16	22	4	3
	Does not meet definition of injury	505	312	521	321	314
	Does not meet definition of Occupational Disease	70	77	73	41	37
	Stress - not compensable	27	28	19	20	15
Insufficient Information	Incomplete or missing information necessary to accept liability	55	52	99	154	117
Late Claim Filing	Injury	91	91	79	126	210
	Occupational Disease	1	0	0	1	1
No Employer Notice	No 30-day notice to employer or insurer	149	204	206	174	102
Not in Course & Scope	Not in course and scope of employment	270	366	404	419	431
No Objective Medical	No objective medical findings to substantiate injury	2,794	3,053	3,640	4,365	5,110
Other	Other	387	408	454	439	374
Total		***4,396***	***4,658***	***5,554***	***6,128***	***6,753***

Exhibit 3.15

Insurer Denial of Claims[1]

By Fiscal Year of Injury



Note:

[1]The insurer may later accept claims initially denied. Statistics on accepted injuries subsequent to a denial are not currently available.

Fatal Occupational Injuries-2006

An excerpt from the 2006 Census of Fatal Occupational Injuries[1]

Thousands of workers in Montana are injured each year in work-related accidents. Some of these result in death. Many of the accidents could have been avoided if the employers and employees involved took proper safety measures to prevent them.

The Safety Culture Act enacted by the 1993 Montana State Legislature encourages workers and employers to come together to create and implement a workplace safety philosophy. It is the intent of the act to raise workplace safety to a preeminent position in the minds of all Montana's workers and employers.

Therefore, it is the responsibility and duty of employers to participate in the development and implementation of safety programs that will meet the specific needs of their workplace; thereby establishing a safety culture that will help create a safe work environment for all future generations of Montanans.

This report provides information gathered by the Census of Fatal Occupational Injuries (CFOI) program, Research and Analysis Bureau, Department of Labor & Industry, on fatal occupational accidents that occurred in Montana during calendar year 2006.

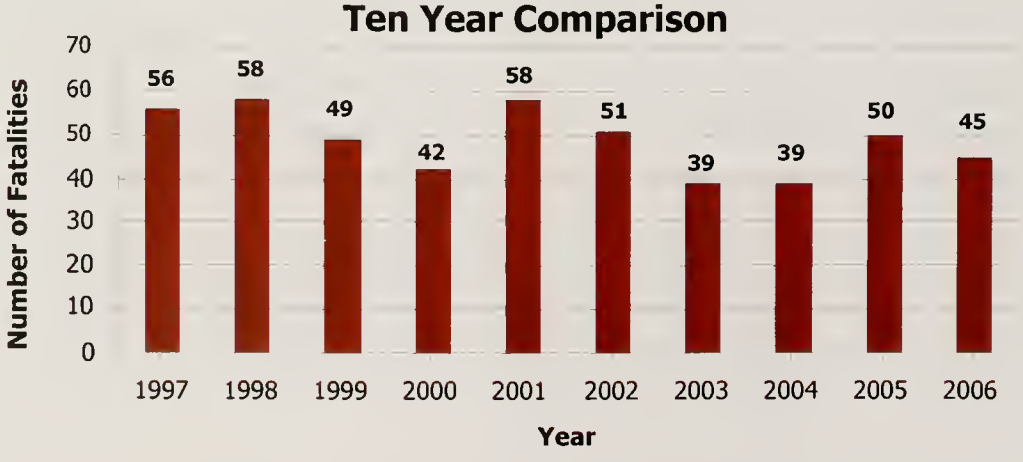
The Occupational Safety and Health Act of 1970, and Title 29, Part 1904 of the Code of Federal Regulations state:

> "Within 8 hours after the occurrence of an employment accident which is fatal to one or more employees, or which results in hospitalization of three or more employees, the employer of any employees so injured or killed shall report the accident either orally or in writing to the nearest office of the Area Director of the Occupational Safety and Health Administration, U.S. Department of Labor. The reporting may be by telephone. The report shall relate the circumstances of the accident, the number of fatalities, and the extent of any injuries. The Area Director may require such additional reports in writing or otherwise, as they deem necessary, concerning the accident."

Summary

Overall, there were a total of 45 job-related fatalities in Montana in 2006. The following chart shows Occupational Fatalities per year, for ten years.

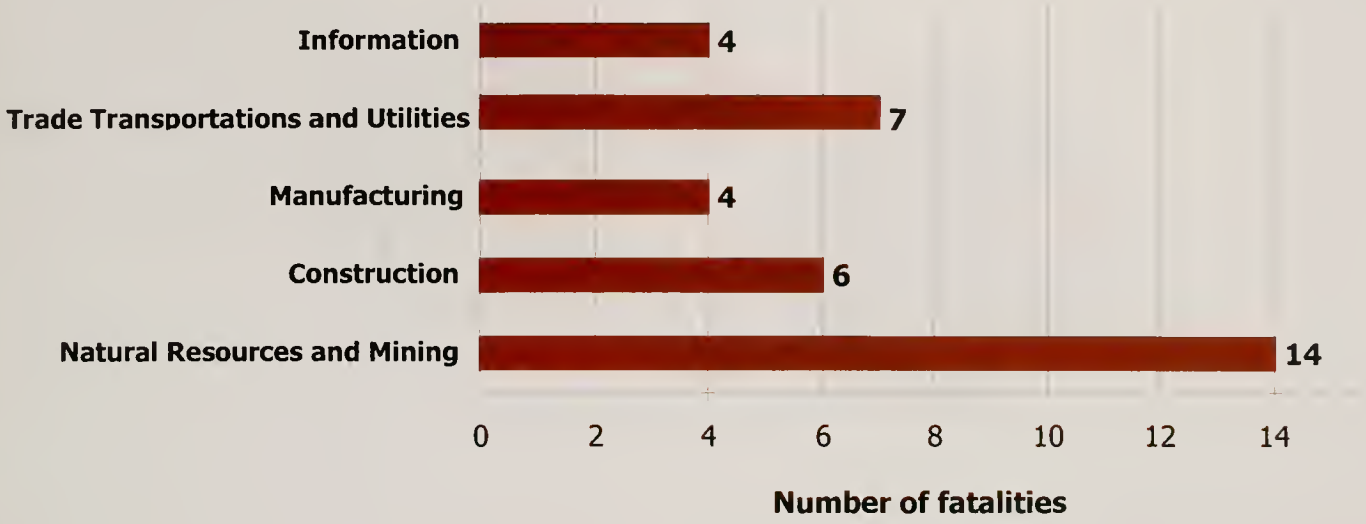
Exhibit 3.16



[1] This report was published by the DLI, Research and Analysis Bureau. The complete report may be viewed at: http://www.ourfactsyourfuture.org/ under 'Publications and Articles'.

Exhibit 3.17

Fatal Work Injuries in Selected Industries: Montana 2006

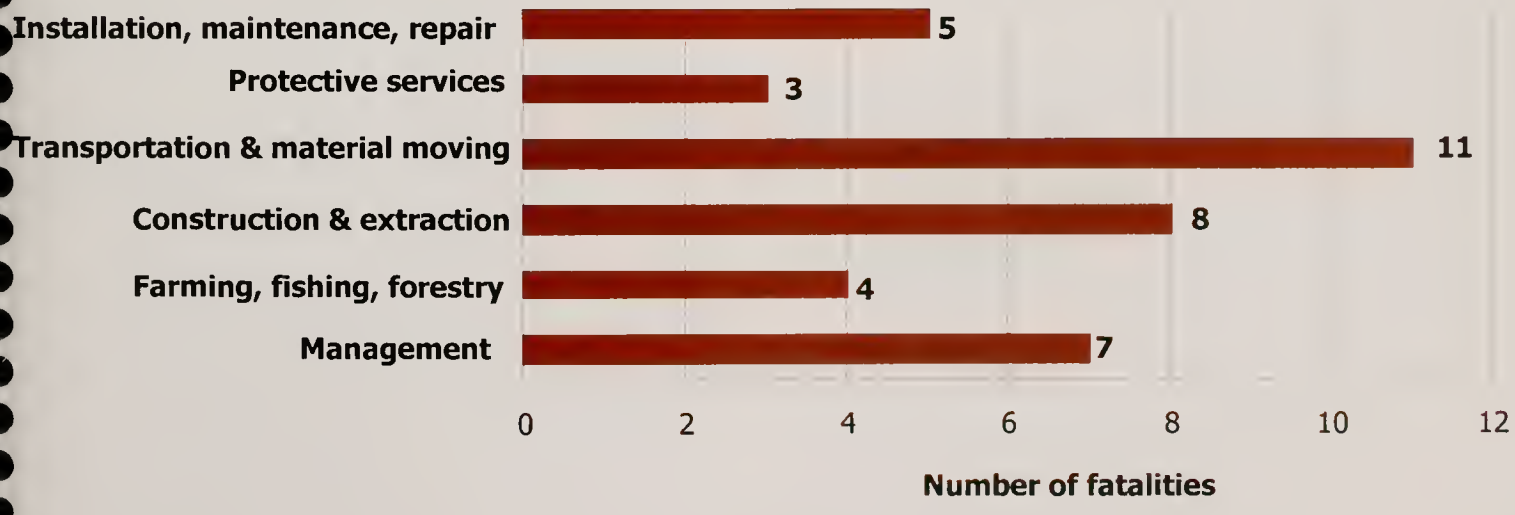


Total Number of Fatalities in 2006 – 45

Totals include data for Fatalities by Industry not shown separately, that do not meet publication criteria.

Exhibit 3.18

Occupations with the Largest Number of Fatalities: Montana 2006

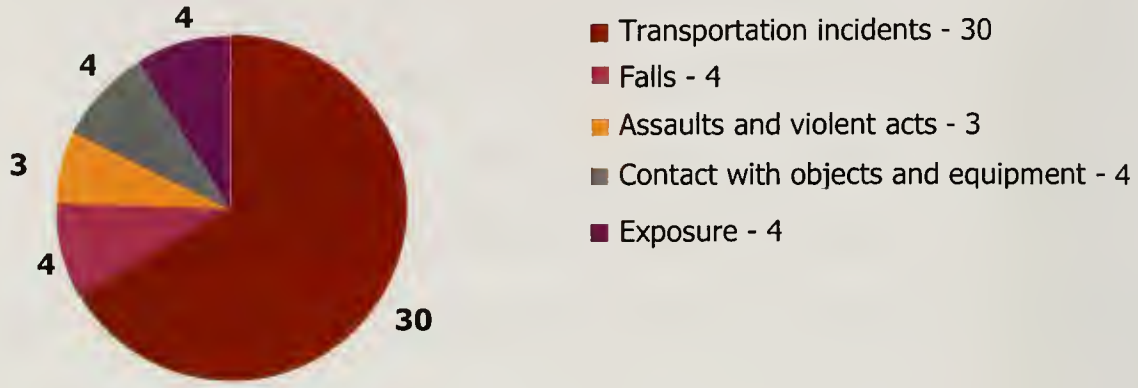


Total Number of Fatalities in 2006-45

Totals include data for Occupations not shown separately, that do not meet publication criteria.

Exhibit 3.19

Workplace Fatalities by Event or Exposure: Montana 2006



Total number of Fatalities in 2006 – 45

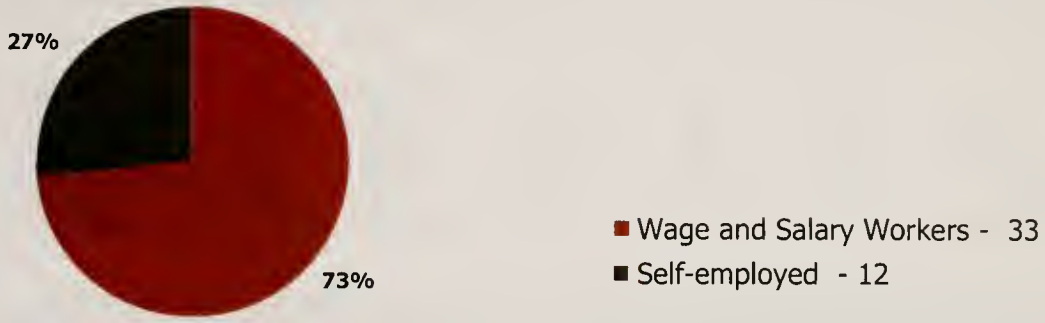
Exhibit 3.20

Fatal Work Injuries by Location: Montana 2006

Total Number of Fatalities in 2006 - 45

Exhibit 3.21

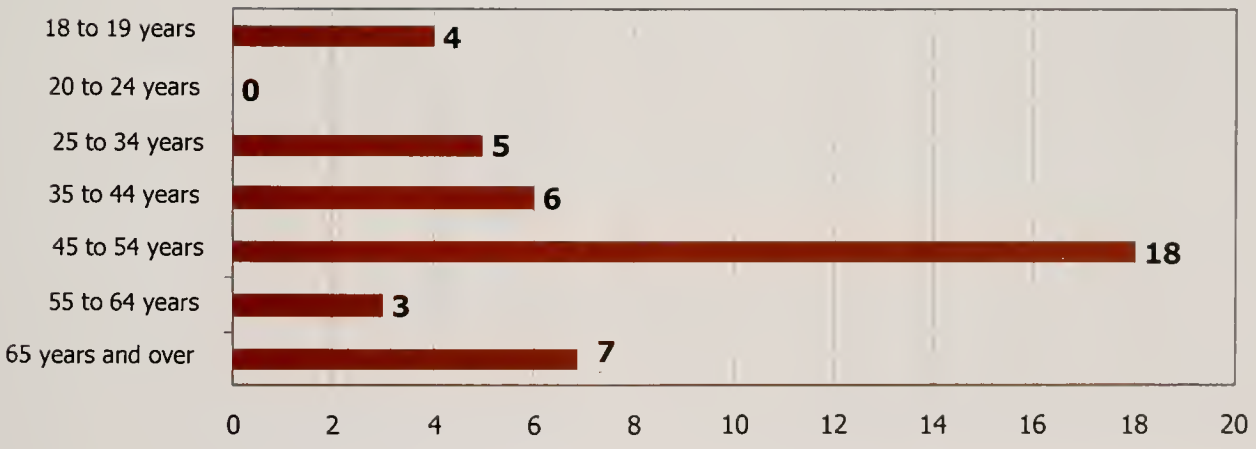
Occupational Fatalities by Employee Status: Montana 2006



Total Number of Fatalities in 2006 - 45

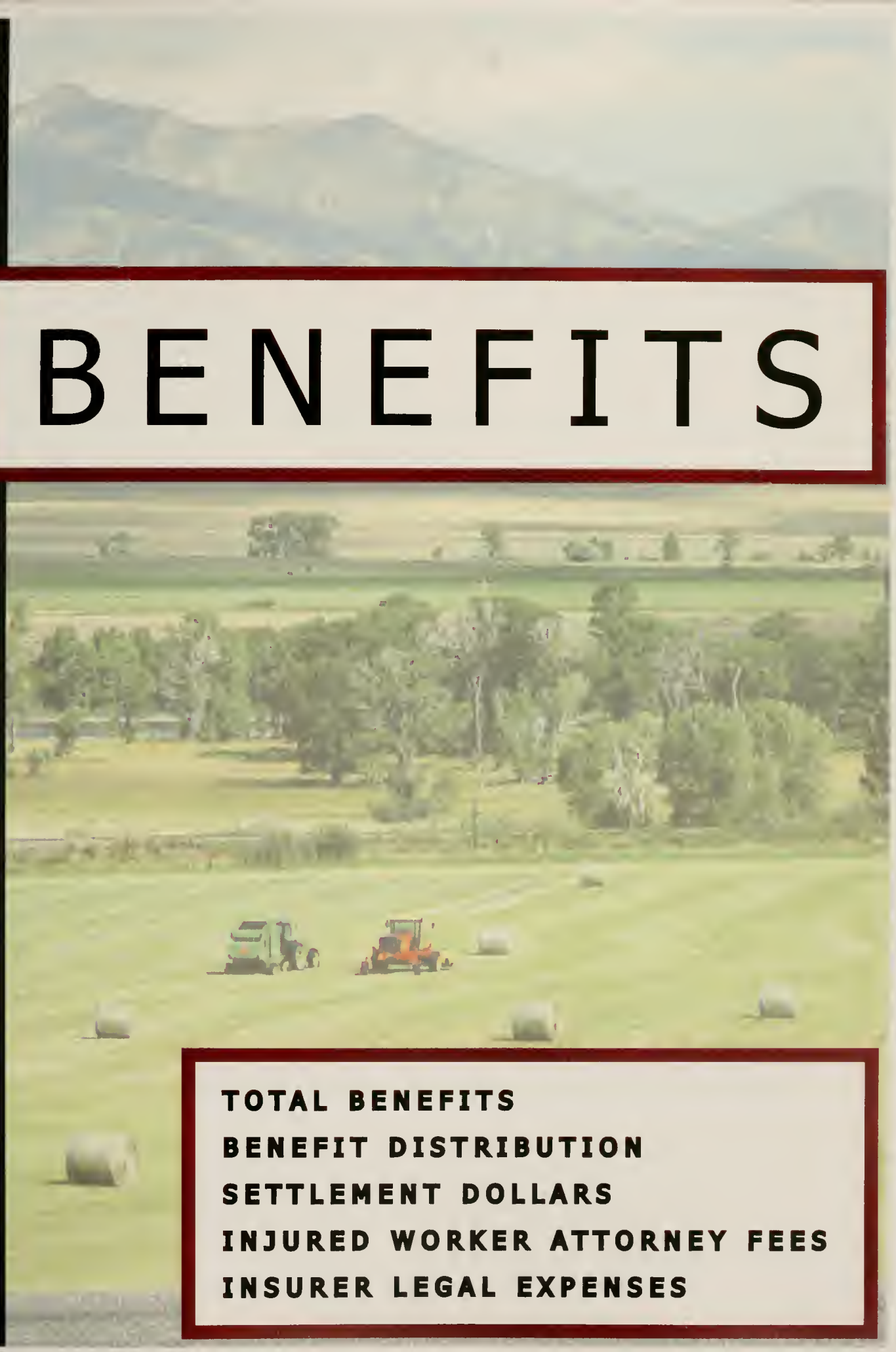
Exhibit 3.22

Occupational Fatalities by Age: Montana 2006



Total Number of Fatalities in 2006 – 45

Total includes data for Fatalities by Age not shown separately, that do not meet publication criteria.



BENEFITS

TOTAL BENEFITS
BENEFIT DISTRIBUTION
SETTLEMENT DOLLARS
INJURED WORKER ATTORNEY FEES
INSURER LEGAL EXPENSES

Total Benefits

The information below is compiled from expenditure reports submitted to DLI by workers' compensation insurers and claims administrators. The dollar amounts provided below are the total dollars insurers reported they paid in a fiscal year for indemnity[1] and medical benefits regardless of any and all dates of injury. The dollar amounts are not based on claim year or the date of the injury. Readers should be aware that prior years' benefit totals have been updated since the publication of previous annual reports due to the receipt of amended expenditure reports.

Exhibit 4.1

Total Benefits Paid - FY07

By Plan Type[2]

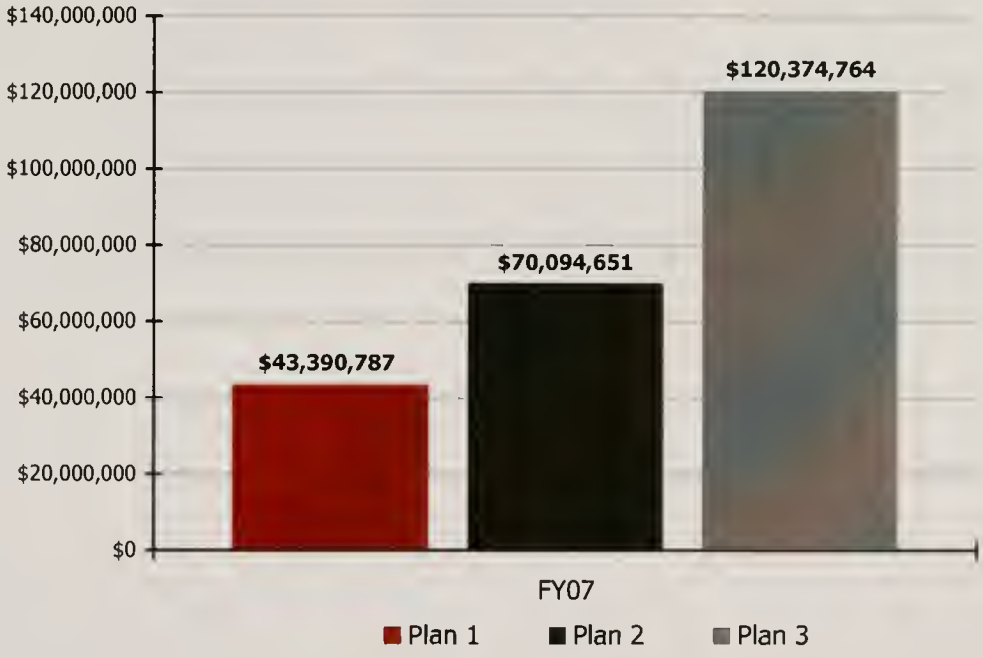


Exhibit 4.2

Total Benefits Paid

By Plan Type[2] and Fiscal Year of Payment

Plan Type[2]	FY03	FY04	FY05	FY06	FY07
Plan 1	34,866,131	38,517,602	39,555,738	40,473,575	43,390,787
Plan 2	73,751,077	67,821,495	69,138,452	71,814,372	70,094,651
Plan 3	91,798,520	103,416,233	101,699,733	114,818,303	120,374,764
Total[3]	***$200,415,727***	***$209,755,330***	***$210,193,923***	***$227,106,250***	***$233,860,202***

Notes:

[1]An "indemnity claim" is a workers' compensation injury or occupational disease claim where wage loss benefits, in addition to medical benefits, are currently being paid or are likely to be paid in the future.

[2]Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance and Plan 3 – Montana State Fund

[3]Total benefits represent indemnity and medical, from DLI Expenditure Reports as of May 12, 2008

Exhibit 4.3

Medical Payments - FY07

By Plan Type[1]

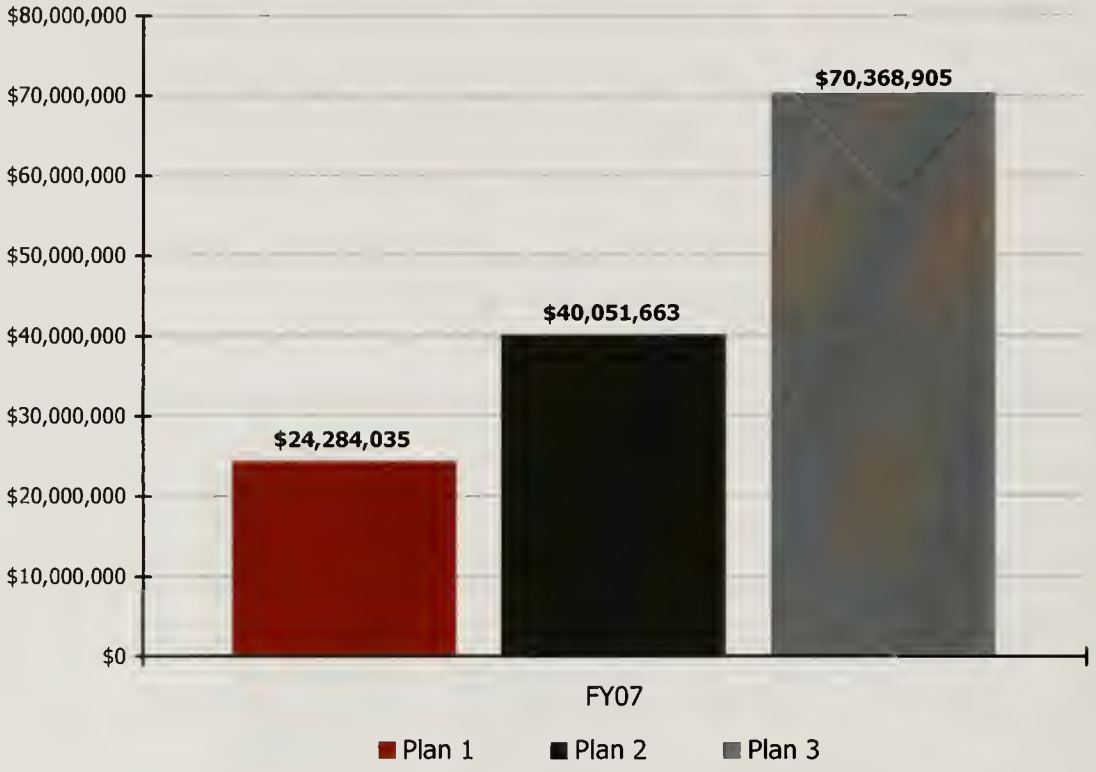


Exhibit 4.4

Medical Payments

By Plan Type[1] and Fiscal Year of Payment

Plan Type[1]	FY03	FY04	FY05	FY06	FY07
Plan 1	19,960,057	21,728,310	23,202,950	24,400,250	24,284,035
Plan 2	37,637,095	34,647,388	35,695,614	38,323,724	40,051,853
Plan 3	51,404,831	58,018,771	55,579,237	66,422,372	70,368,905
Total[2]	***$109,001,983***	***$114,394,470***	***$114,477,801***	***$129,146,347***	***$134,704,792***

Notes:

[1]Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance and Plan 3 – Montana State Fund

[2]Total benefits represent medical payments, from DLI Expenditure Reports as of May 12, 2008

Exhibit 4.5

Indemnity Payments - FY07

By Plan Type[1]

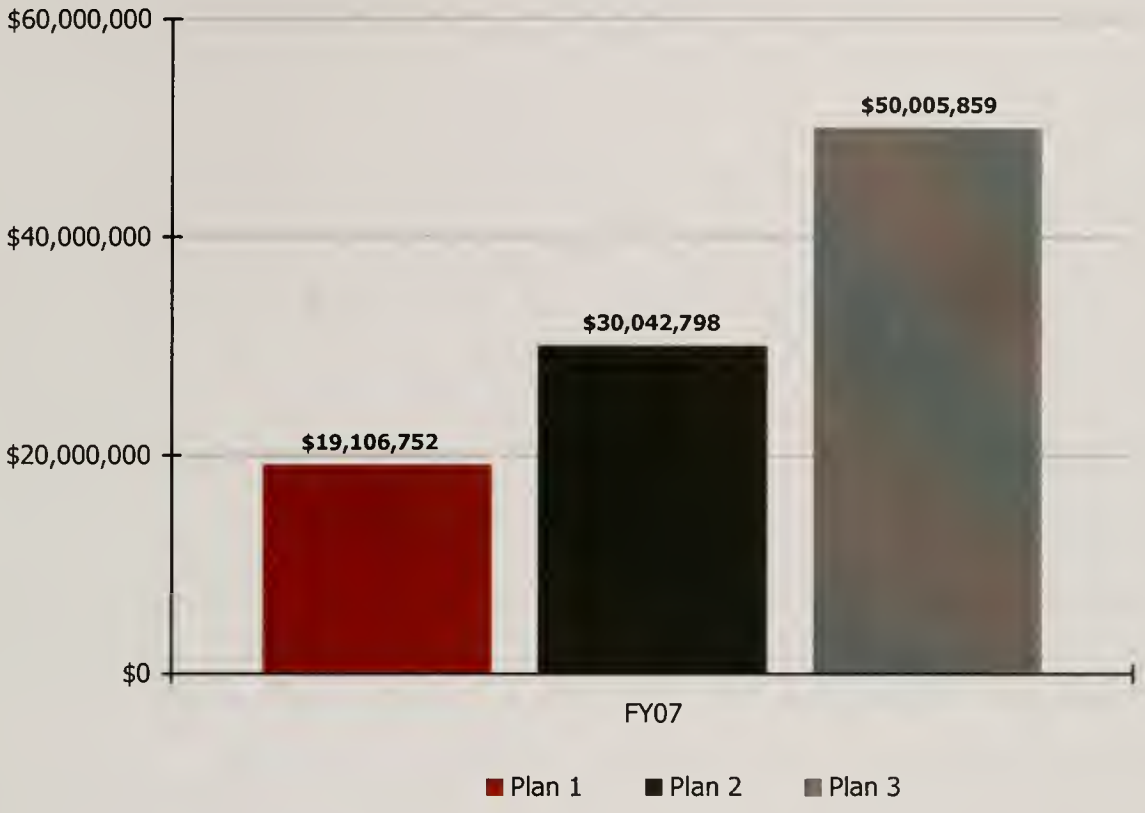


Exhibit 4.6

Indemnity Payments[1]

By Plan Type[2] and Fiscal Year of Payment

Plan Type[2]	FY03	FY04	FY05	FY06	FY07
Plan 1	14,906,074	16,789,291	16,152,788	16,073,325	19,106,752
Plan 2	36,113,982	33,174,107	33,442,838	33,490,647	30,042,798
Plan 3	40,393,689	45,397,462	46,120,496	48,395,931	50,005,859
Total[3]	***$91,413,745***	***$95,360,860***	***$95,716,122***	***$97,959,903***	***$99,155,409***

Notes:

[1]An "indemnity claim" is a workers' compensation injury or occupational disease claim where wage loss benefits, in addition to medical benefits, are currently being paid or are likely to be paid in the future.

[2]Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance and Plan 3 – Montana State Fund

[3]Total benefits represent indemnity payments, from DLI Quarterly Expenditure Reports as of May 12, 2008

Benefit Distribution

ERD compiles information on wage loss, medical, and vocational rehabilitation benefits paid to injured workers. This section is intended to display data regarding the amount and costs of developing claims. Data is presented in tables, which display average benefit amounts and counts for claims that reach annual time periods for subsequent fiscal years, starting in FY 2000.

The data presented in this section represents a departure from the reporting style of the previous annual reports. Until this annual report, claim financial data was reported from an actuarial perspective. This year, the tables reflect a more straightforward approach by giving claim counts, average annual benefits, average total benefits, and the percentage of claims reaching annual time periods. In addition, charts have been added for total wage-loss, total medical and total benefits tables, giving a graphical presentation of average total benefits and percentage data. Two more years worth of data have also been added to the tables.

- Exhibits 4.7 and 4.8 report total wage loss benefits and medical benefits.
- Exhibit 4.9 reports total benefits.
- Exhibits 4.10 through 4.13 report indemnity benefits individually by the four primary categories: temporary total disability (TTD), temporary partial disability (TPD), permanent partial disability (PPD), and permanent total disability (PTD).
- Exhibits 4.14 through 4.16 report medical benefits individually by the three primary categories (excluding lump sum payments): payments to physicians, hospital costs, and other medical provider costs.
- Exhibits 4.17 and 4.18 report lump sum payments of wage replacement benefits and medical benefits.
- Exhibit 4.19 reports vocational rehabilitation benefits paid.

Each table consists of eight rows of data; each row holds information pertaining only to injuries sustained during the fiscal year shown in the "Injury Year" column. The "YR1" column presents the number of claims receiving the given benefit type within one year of the date on which the injury occurred, the average yearly benefit in that year, the average total benefit (the average accumulated benefit over time) and the percentage of claims with benefits paid in the first year. The YR2 through YR8 columns report statistics for claims that received benefits in those years from the date of injury.

A detailed explanation, including an example, of the development and use of these benefit statistics is provided in the methodology section. Readers should be aware that due to the changes made in the reporting style, comparisons to previous annual reports may not be valid.

Exhibit 4.7 –Total Wage Replacement: TTD, TPD, PTD, PPD, Including Lump Sums

Injury Year	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	3,168	1,426	809	531	374	294	165	85
	Average Yearly Benefit	$5,448	$9,336	$10,871	$11,731	$12,895	$11,096	$8,544	$9,612
	Average Total Benefit	$5,448	$16,642	$27,559	$39,007	$48,731	$54,973	$72,065	$95,655
	Percent	100.0	45.0	25.5	16.8	11.8	9.3	5.2	2.7
2001	Claims	4,425	1,962	1,066	697	459	242	135	
	Average Yearly Benefit	$5,439	$10,750	$12,435	$12,987	$14,309	$13,092	$11,167	
	Average Total Benefit	$5,439	$18,295	$30,893.20	$43,317	$54,489	$73,845	$98,878	
	Percent	100.0	44.3	24.1	15.8	10.4	5.5	3.1	
2002	Claims	4,802	2,099	1,086	644	363	182		
	Average Yearly Benefit	$5,188	$10,905	$13,093	$13,465	$11,748	$10,438		
	Average Total Benefit	$5,188	$18,365	$31,686	$44,976	$58,697	$74,392		
	Percent	100.0	43.7	22.6	13.4	7.6	3.8		
2003	Claims	5,090	2,146	1,032	543	285			
	Average Yearly Benefit	$5,507	$12,302	$14,065	$14,084	$13,323			
	Average Total Benefit	$5,507	$20,577	$35,291	$51,348	$67,954			
	Percent	100.0	42.2	20.3	10.7	5.6			
2004	Claims	5,294	1,932	802	395				
	Average Yearly Benefit	$5,260	$11,745	$12,848	$18,826				
	Average Total Benefit	$5,260	$19,500	$34,447	$57,132				
	Percent	100.0	36.5	15.2	7.5				
2005	Claims	4,912	1,642	675					
	Average Yearly Benefit	$5,715	$11,684	$12,469					
	Average Total Benefit	$5,715	$20,873	$37,013					
	Percent	100.0	33.4	13.7					
2006	Claims	4,734	1,589						
	Average Yearly Benefit	$5,505	$10,634						
	Average Total Benefit	$5,505	$19,879						
	Percent	100.0	33.6						
2007	Claims	4,072							
	Average Yearly Benefit	$5,207							
	Average Total Benefit	$5,207							
	Percent	100.0							

Exhibit 4.7 shows the claim counts, average yearly benefits, average total benefits, and claims percentages for the specified year. Year one represents statistics for claims in the year of injury, while years two through eight provide statistics for claims as they move beyond their injury years. For example, 3,168 wage loss claims were filed in FY 2000, with an average benefit of $5,448. By year five, only 374 people injured in FY 2000 were still receiving wage loss benefits, at an average of $12,895 that year. The average total benefit (average total wage loss cost of the claim) was $48,731 at that point in time. The percentage of FY 2000 claims that still had benefits being paid in year five was 11.8% (374 of 3,168 claims).

Exhibit 4.7.1 graphically shows the change in average total wage loss benefits over time. In other words, it shows how claim costs (in terms of wage loss benefits) escalate as claims age. Exhibit 4.7.2 shows the percentages of claims receiving wage loss benefits in the specified year. By year five, approximately ten percent of FY 2001 claims with wage loss benefits are still receiving benefits.

Exhibit 4.7.1

Average Total Wage Loss Benefits

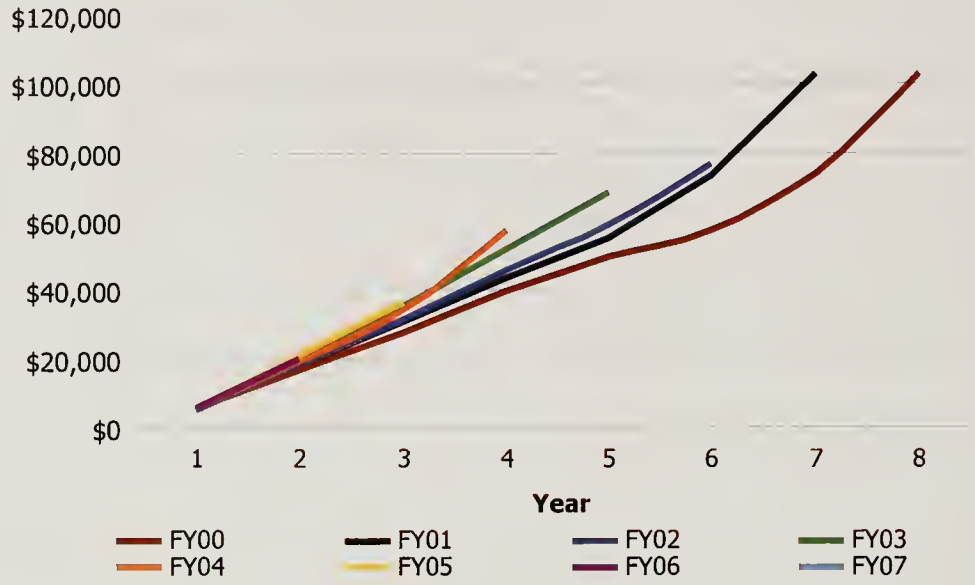
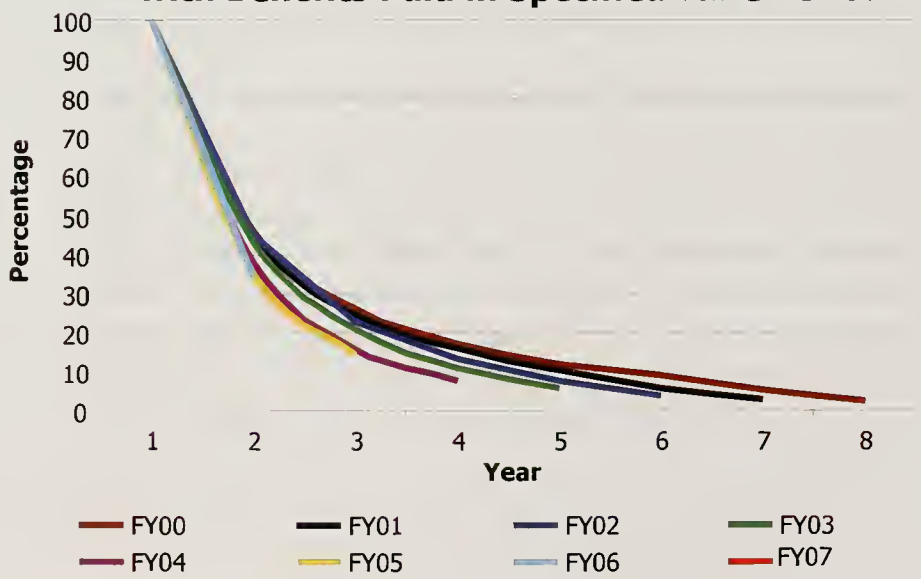


Exhibit 4.7.2

Percentage of Wage Loss Claims with Benefits Paid in Specified Time Period[1]



[1] As a percentage of all claims that have a wage loss benefit paid at some point in the life of a claim.

Exhibit 4.8 – Total Medical Costs, including Lump Sums

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	4,177	2,354	1,392	994	835	692	546	468
	Average Yearly Benefit	$5,045	$5,668	$4,924	$4,853	$5,492	$3,619	$3,853	$7,463
	Average Total Benefit	$5,045	$11,822	$18,256	$24,583	$30,508	$34,961	$41,136	$49,460
	Percent	100.0	56.4	33.3	23.8	20.0	16.6	13.1	11.2
2001	Claims	4,701	2,985	2,126	1,797	1,517	1,168	836	
	Average Yearly Benefit	$5,798	$4,047	$4,033	$4,203	$4,404	$4,516	$6,261	
	Average Total Benefit	$5,798	$10,782	$15,187	$18,906	$22,682	$28,501	$39,631	
	Percent	100.0	63.5	45.2	38.2	32.3	24.8	17.8	
2002	Claims	4,792	3,057	2,122	1,593	1,222	947		
	Average Yearly Benefit	$6,585	$4,951	$5,013	$4,253	$3,552	$4,653		
	Average Total Benefit	$6,585	$12,983	$18,665	$23,572	$28,173	$34,940		
	Percent	100.0	63.8	44.3	33.2	25.5	19.8		
2003	Claims	5,049	3,324	2,154	1,451	1,136			
	Average Yearly Benefit	$5,954	$6,316	$4,609	$3,326	$6,717			
	Average Total Benefit	$5,954	$13,272	$19,757	$25,812	$34,858			
	Percent	100.0	65.8	42.7	28.7	22.5			
2004	Claims	5,196	3,085	1,837	1,382				
	Average Yearly Benefit	$6,681	$5,321	$4,332	$5,958				
	Average Total Benefit	$6,681	$13,935	$20,639	$27,877				
	Percent	100.0	59.4	35.4	26.6				
2005	Claims	4,903	2,592	1,792					
	Average Yearly Benefit	$7,769	$5,351	$6,198					
	Average Total Benefit	$7,769	$16,173	$24,446					
	Percent	100.0	52.9	36.5					
2006	Claims	4,796	3,047						
	Average Yearly Benefit	$6,023	$8,835						
	Average Total Benefit	$6,023	$16,092						
	Percent	100.0	63.5						
2007	Claims	4,166							
	Average Yearly Benefit	$9,529							
	Average Total Benefit	$9,529							
	Percent	100.0							

Exhibit 4.8 shows the claim counts, average yearly medical benefits, average total medical benefits, and claims percentages for the specified year. Year one represents the statistics for claims in the year of injury, while years two through eight provide statistics for claims as they move beyond their injury years. For example, 5,049 medical claims were filed in FY 2003, with an average benefit of $5,954. By year three, 2,154 people injured in FY 2003 were still receiving medical benefits, at an average of $4,609 in that year. The average total benefit (average total medical cost of the claim) was $19,757 at that point in time. The percentage of FY 2003 claims that still had benefits being paid in year three was 42.7% (2,154 of 5,049 claims).

Exhibit 4.8.1 graphically depicts the change in average total medical benefits over time. In other words, it shows how claims costs (in terms of medical benefits) escalate as claims age. Exhibit 4.8.2 shows the percentages of claims receiving medical benefits in the specified year. By year eight, about eleven percent of FY 2000 claims with medical benefits are still receiving benefits.

Exhibit 4.8.1

Average Total Medical Benefits

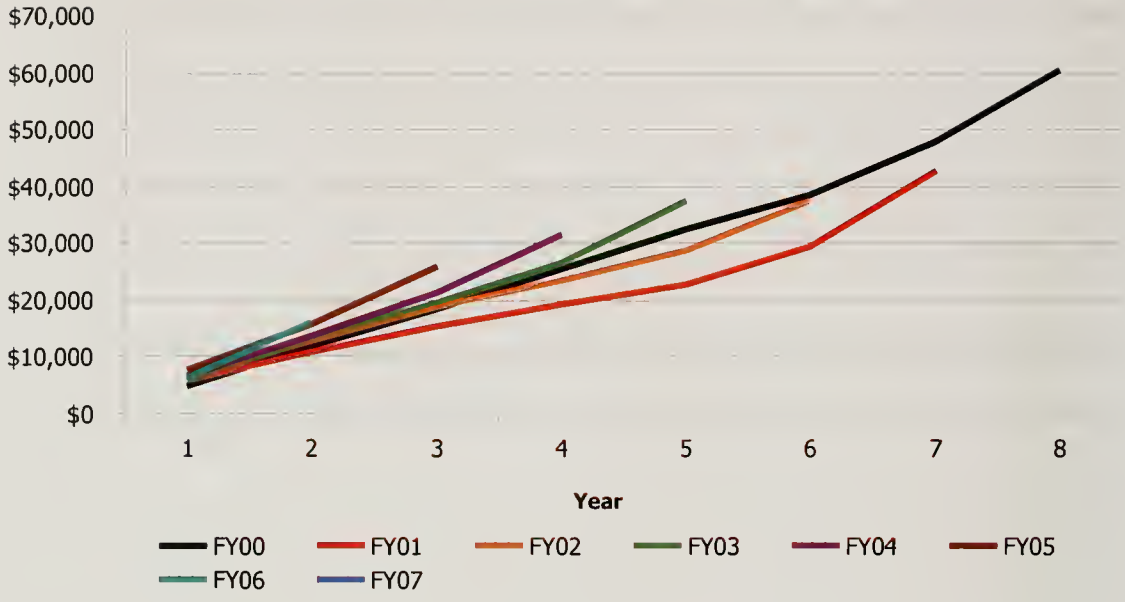
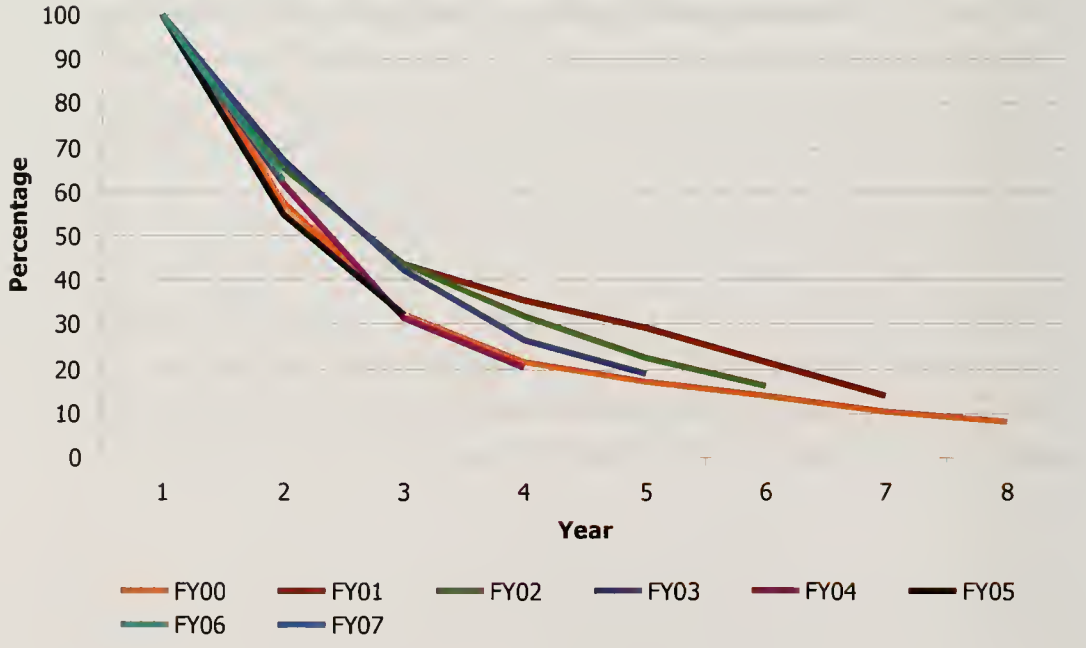


Exhibit 4.8.2

Percentage of Claims with Medical Benefits Paid in Specified Time Period[1]



[1] As a percentage of all claims that have a wage loss benefit paid at some point in the life of a claim.

Exhibit 4.9 – Total Wage Loss Replacement and Medical Benefits, including Lump Sums

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	4,279	2,421	1,468	1,056	900	763	580	480
	Average Yearly Benefit	$8,958	$11,010	$10,660	$10,467	$10,454	$7,558	$6,058	$8,979
	Average Total Benefit	$8,958	$23,169	$37,454	$51,086	$61,574	$70,190	$82,029	$93,530
	Percent	100.0	56.6	34.3	24.7	21.0	17.8	13.6	11.2
2001	Claims	4,861	3,073	2,208	1,877	1,588	1,197	846	
	Average Yearly Benefit	$10,559	$10,794	$9,887	$8,846	$8,343	$7,053	$7,969	
	Average Total Benefit	$10,559	$23,764	$35,272	$43,939	$51,878	$63,503	$83,869	
	Percent	100.0	63.2	45.4	38.6	32.7	24.6	17.4	
2002	Claims	5,012	3,161	2,204	1,663	1,263	972		
	Average Yearly Benefit	$11,266	$12,029	$11,278	$9,289	$6,813	$6,487		
	Average Total Benefit	$11,266	$26,382	$39,308	$50,747	$61,492	$74,134		
	Percent	100.0	63.1	44.0	33.2	25.2	19.4		
2003	Claims	5,273	3,423	2,229	1,501	1,160			
	Average Yearly Benefit	$11,017	$13,846	$10,966	$8,310	$9,852			
	Average Total Benefit	$11,017	$27,423	$42,787	$57,099	$73,068			
	Percent	100.0	64.9	42.3	28.5	22.0			
2004	Claims	5,434	3,163	1,886	1,400				
	Average Yearly Benefit	$11,512	$12,364	$9,682	$11,192				
	Average Total Benefit	$11,512	$27,642	$42,853	$57,880				
	Percent	100.0	58.2	34.7	25.8				
2005	Claims	5,038	2,655	1,822					
	Average Yearly Benefit	$13,132	$12,450	$10,716					
	Average Total Benefit	$13,132	$31,263	$46,766					
	Percent	100.0	52.7	36.2					
2006	Claims	4,906	3,084						
	Average Yearly Benefit	$11,200	$14,208						
	Average Total Benefit	$11,200	$28,428						
	Percent	100.0	62.9						
2007	Claims	4,241							
	Average Yearly Benefit	$14,360							
	Average Total Benefit	$14,360							
	Percent	100.0							

Exhibit 4.9 shows the claim counts, average yearly benefits, average total benefits, and claims percentages for the specified year. Year one represents the statistics for claims in the year of injury, while years two through eight provide statistics for claims as they move beyond their injury years. For example, 4,279 claims were filed in FY 2000, with an average benefit of $8,958. By year four, 1,056 people injured in FY 2000 were still receiving benefits, at an average of $10,467 in that year. The average total benefit (average total cost of the claim) was $51,086 at that point in time. The percentage of FY 2000 claims that still had benefits being paid in year four was 24.7% (1,056 of 4,279 claims).

Exhibit 4.9.1 graphically depicts the change in average total benefits over time. In other words, it shows how claims costs (in terms of medical benefits) escalate as claims age. Exhibit 4.9.2 shows the percentages of claims receiving benefits in the specified year. By year eight, about eleven percent of FY 2000 claims with benefits are still receiving benefits.

Exhibit 4.9.1

Average Total Benefits by Fiscal Year

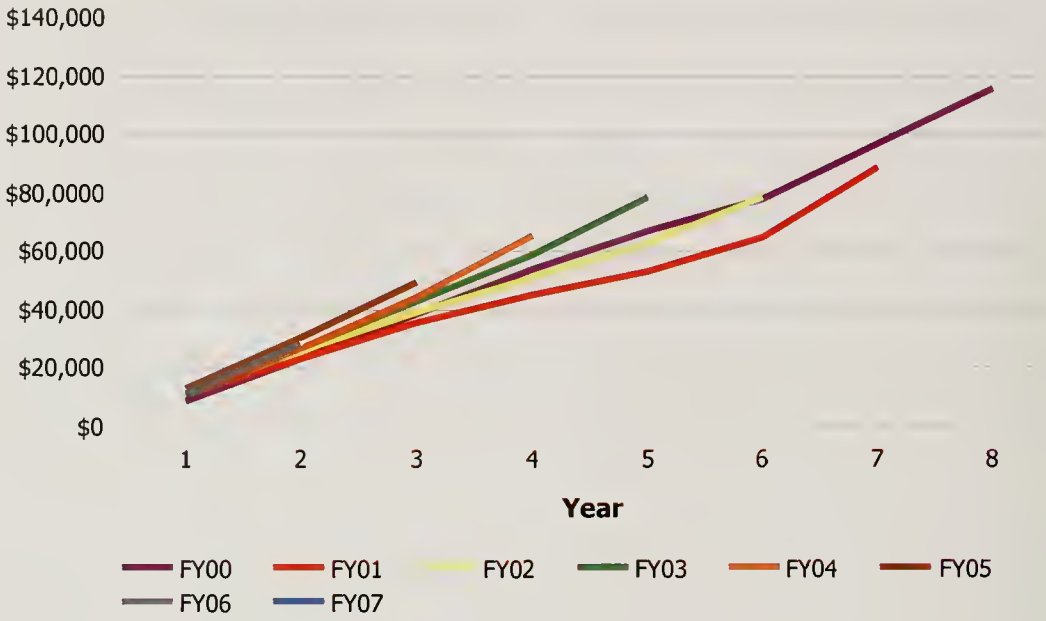
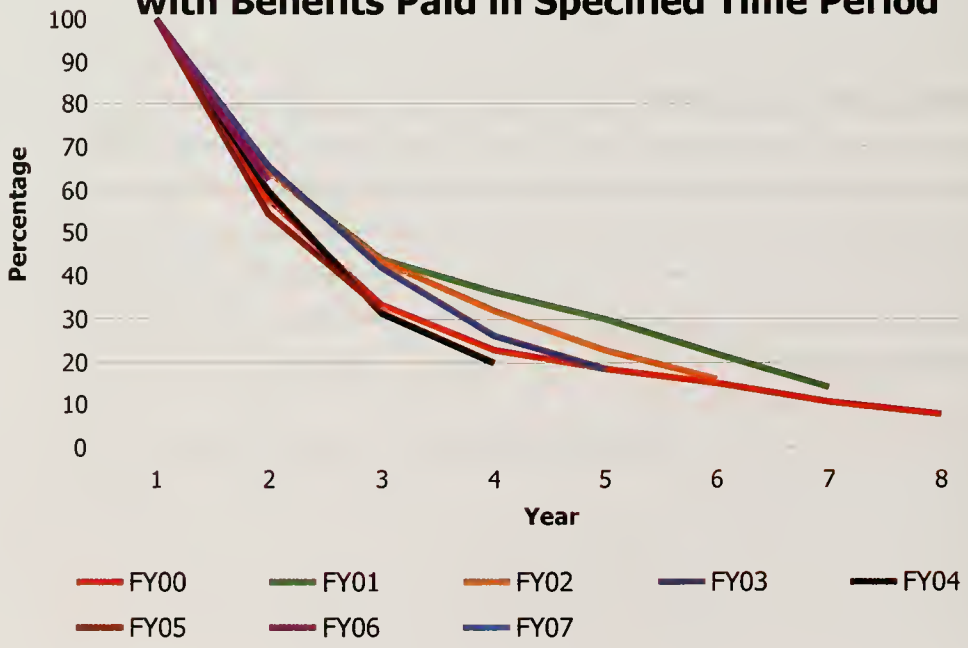


Exhibit 4.9.2

Percentage of Claims with Benefits Paid in Specified Time Period[1]



[1]As a percentage of all claims with any benefit paid at some point in the life of the claim.

Exhibit 4.10 – Wage Replacement: Temporary Total Disability, including Lump Sums

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	2,784	896	485	330	234	178	90	37
	Average Yearly Benefit	$4,530	$6,872	$6,821	$6,156	$5,160	$4,283	$4,493	$4,903
	Average Total Benefit	$4,530	$14,315	$21,483	$25,766	$29,061	$27,771	$39,625	$53,129
	Percent	100.0	32.2	17.4	11.9	8.4	6.4	3.2	1.3
2001	Claims	3,815	1,223	652	409	261	112	50	
	Average Yearly Benefit	$4,507	$7,051	$7,496	$6,493	$5,912	$5,965	$9,896	
	Average Total Benefit	$4,507	$14,964	$23,358	$27,864	$29,410	$37,819	$56,354	
	Percent	100.0	32.1	17.1	10.7	6.8	2.9	1.3	
2002	Claims	4,101	1,232	587	337	174	70		
	Average Yearly Benefit	$4,397	$7,162	$6,810	$5,787	$6,590	$6,258		
	Average Total Benefit	$4,397	$15,252	$22,309	$25,935	$32,579	$40,636		
	Percent	100.0	30.0	14.3	8.2	4.2	1.7		
2003	Claims	4,344	1,249	567	278	128			
	Average Yearly Benefit	$4,449	$6,945	$6,738	$6,365	$9,675			
	Average Total Benefit	$4,449	$15,358	$22,297	$28,935	$42,262			
	Percent	100.0	28.8	13.1	6.4	2.9			
2004	Claims	4,498	1,044	390	157				
	Average Yearly Benefit	$4,026	$6,739	$6,665	$7,314				
	Average Total Benefit	$4,026	$14,442	$23,529	$33,136				
	Percent	100.0	23.2	8.7	3.5				
2005	Claims	4,304	902	295					
	Average Yearly Benefit	$4,090	$6,943	$7,483					
	Average Total Benefit	$4,090	$15,908	$27,663					
	Percent	100.0	21.0	6.9					
2006	Claims	4,167	836						
	Average Yearly Benefit	$4,253	$7,517						
	Average Total Benefit	$4,253	$17,261						
	Percent	100.0	20.1						
2007	Claims	3,661							
	Average Yearly Benefit	$4,143							
	Average Total Benefit	$4,143							
	Percent	100.0							

Exhibit 4.11 – Wage Replacement: Temporary Partial Disability, including Lump Sums

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	485	149	57	31	22	14	7	2
	Average Yearly Benefit	$1,618	$2,408	$2,151	$2,036	$1,245	$794	$1,423	$787
	Average Total Benefit	$1,618	$4,165	$6,824	$6,855	$7,315	$3,387	$6,760	$18,411
	Percent	100.0	30.7	11.8	6.4	4.5	2.9	1.4	0.4
2001	Claims	720	181	61	28	17	10	2	
	Average Yearly Benefit	$1,674	$2,302	$2,439	$2,249	$840	$359	$1,282	
	Average Total Benefit	$1,674	$4,482	$5,981	$7,949	$2,947	$2,511	$1,852	
	Percent	100.0	25.1	8.5	3.9	2.4	1.4	0.3	
2002	Claims	837	194	67	37	12	3		
	Average Yearly Benefit	$1,584	$2,416	$2,326	$2,580	$1,326	$299		
	Average Total Benefit	$1,584	$4,493	$5,652	$7,032	$11,482	$1,041		
	Percent	100.0	23.2	8.0	4.4	1.4	0.4		
2003	Claims	892	212	78	31	13			
	Average Yearly Benefit	$1,669	$3,275	$1,998	$2,027	$2,635			
	Average Total Benefit	$1,669	$5,537	$6,402	$6,515	$7,618			
	Percent	100.0	23.8	8.7	3.5	1.5			
2004	Claims	957	173	51	17				
	Average Yearly Benefit	$1,556	$2,503	$2,675	$1,439				
	Average Total Benefit	$1,556	$4,346	$7,003	$12,229				
	Percent	100.0	18.1	5.3	1.8				
2005	Claims	900	182	38					
	Average Yearly Benefit	$1,423	$2,208	$1,606					
	Average Total Benefit	$1,423	$3,957	$5,988					
	Percent	100.0	20.2	4.2					
2006	Claims	896	161						
	Average Yearly Benefit	$1,640	$2,145						
	Average Total Benefit	$1,640	$4,849						
	Percent	100.0	18.0						
2007	Claims	772							
	Average Yearly Benefit	$1,703							
	Average Total Benefit	$1,703							
	Percent	100.0							

Exhibit 4.12 – Wage Replacement: Permanent Partial Disability, including Lump Sums

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	1,277	927	505	298	191	114	60	31
	Average Yearly Benefit	$2,170	$4,549	$6,426	$6,675	$8,223	$7,669	$6,004	$6,399
	Average Total Benefit	$2,170	$5,529	$10,228	$14,585	$19,569	$24,632	$29,027	$36,049
	Percent	100.0	72.6	39.5	23.3	15.0	8.9	4.7	2.4
2001	Claims	1,860	1,331	681	393	219	101	45	
	Average Yearly Benefit	$2,197	$5,824	$7,510	$9,204	$9,396	$8,536	$5,958	
	Average Total Benefit	$2,197	$6,845	$12,200	$19,169	$26,279	$36,639	$48,802	
	Percent	100.0	71.6	36.6	21.1	11.8	5.4	2.4	
2002	Claims	1,994	1,510	735	370	187	75		
	Average Yearly Benefit	$1,978	$5,715	$8,539	$9,831	$6,978	$6,721		
	Average Total Benefit	$1,978	$6,804	$13,745	$22,208	$28,752	$33,751		
	Percent	100.0	75.7	36.9	18.6	9.4	3.8		
2003	Claims	2,220	1,575	675	275	122			
	Average Yearly Benefit	$2,332	$7,577	$10,057	$7,823	$8,557			
	Average Total Benefit	$2,332	$8,901	$17,657	$26,460	$37,743			
	Percent	100.0	70.9	30.4	12.4	5.5			
2004	Claims	2,070	1,319	465	180				
	Average Yearly Benefit	$3,112	$8,190	$8,375	$9,975				
	Average Total Benefit	$3,112	$9,746	$17,587	$31,239				
	Percent	100.0	63.7	22.5	8.7				
2005	Claims	1,684	948	302					
	Average Yearly Benefit	$4,474	$8,342	$9,623					
	Average Total Benefit	$4,474	$11,088	$21,668					
	Percent	100.0	56.3	17.9					
2006	Claims	977	514						
	Average Yearly Benefit	$3,694	$8,978						
	Average Total Benefit	$3,694	$10,637						
	Percent	100.0	52.6						
2007	Claims	456							
	Average Yearly Benefit	$4,715							
	Average Total Benefit	$4,715							
	Percent	100.0							

Exhibit 4.13 – Wage Replacement: Permanent Total Disability, including Lump Sums

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	56	55	52	48	43	38	28	22
	Average Yearly Benefit	$3,264	$2,635	$10,024	$14,503	$22,420	$26,728	$14,530	$12,533
	Average Total Benefit	$3,264	$4,048	$12,214	$20,147	$36,767	$57,935	$56,472	$63,311
	Percent	100.0	98.2	92.9	85.7	76.8	67.9	50.0	39.3
2001	Claims	81	78	71	62	57	47	42	
	Average Yearly Benefit	$436	$3,215	$5,823	$15,327	$22,801	$23,704	$11,573	
	Average Total Benefit	$436	$3,410	$7,203	$21,687	$40,166	$59,359	$70,460	
	Percent	100.0	96.3	87.7	76.5	70.4	58.0	51.9	
2002	Claims	79	76	63	53	44	33		
	Average Yearly Benefit	$451	$4,382	$14,732	$21,116	$23,285	$11,168		
	Average Total Benefit	$451	$4,696	$16,818	$32,101	$54,411	$61,189		
	Percent	100.0	96.2	79.7	67.1	55.7	41.8		
2003	Claims	68	64	58	49	35			
	Average Yearly Benefit	$1,570	$6,936	$20,898	$29,233	$17,740			
	Average Total Benefit	$1,570	$7,634	$24,750	$43,254	$49,908			
	Percent	100.0	94.1	85.3	72.1	51.5			
2004	Claims	38	38	32	25				
	Average Yearly Benefit	$293	$12,367	$35,856	$16,814				
	Average Total Benefit	$293	$12,659	$38,335	$28,023				
	Percent	100.0	100.0	84.2	65.8				
2005	Claims	22	22	16					
	Average Yearly Benefit	$29	$12,557	$39,128					
	Average Total Benefit	$29	$12,587	$44,629					
	Percent	100.0	100.0	72.7					
2006	Claims	15	13						
	Average Yearly Benefit	$2,290	$27,321						
	Average Total Benefit	$2,290	$27,917						
	Percent	100.0	86.7						
2007	Claims	4							
	Average Yearly Benefit	$3,620							
	Average Total Benefit	$3,620							
	Percent	100.0							

Exhibit 4.14 – Medical Costs: Payments to Physicians

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	3,950	2,196	1,263	869	705	587	455	383
	Average Yearly Benefit	$1,806	$2,008	$1,629	$1,426	$1,413	$851	$804	$1,783
	Average Total Benefit	$1,806	$4,018	$5,857	$7,561	$8,878	$9,996	$11,572	$13,585
	Percent	100.0	55.6	32.0	22.0	17.8	14.9	11.5	9.7
2001	Claims	4,451	2,759	1,929	1,608	1,338	1,035	719	
	Average Yearly Benefit	$2,082	$1,476	$1,225	$1,329	$1,324	$1,501	$1,456	
	Average Total Benefit	$2,082	$3,754	$4,841	$5,743	$6,580	$8,278	$11,025	
	Percent	100.0	62.0	43.3	36.1	30.1	23.3	16.2	
2002	Claims	4,535	2,840	1,898	1,398	1,076	822		
	Average Yearly Benefit	$2,245	$1,756	$1,390	$1,325	$960	$1,231		
	Average Total Benefit	$2,245	$4,366	$5,659	$7,065	$8,343	$10,209		
	Percent	100.0	62.6	41.9	30.8	23.7	18.1		
2003	Claims	4,783	3,066	1,914	1,270	984			
	Average Yearly Benefit	$2,205	$2,129	$1,453	$1,005	$1,764			
	Average Total Benefit	$2,205	$4,518	$6,320	$8,050	$10,397			
	Percent	100.0	64.1	40.0	26.6	20.6			
2004	Claims	4,847	2,818	1,643	1,217				
	Average Yearly Benefit	$2,301	$1,811	$1,371	$1,671				
	Average Total Benefit	$2,301	$4,652	$6,688	$8,706				
	Percent	100.0	58.1	33.9	25.1				
2005	Claims	4,605	2,401	1,596					
	Average Yearly Benefit	$2,522	$1,834	$1,932					
	Average Total Benefit	$2,522	$5,194	$7,691					
	Percent	100.0	52.1	34.7					
2006	Claims	4,551	2,871						
	Average Yearly Benefit	$2,083	$2,727						
	Average Total Benefit	$2,083	$5,112						
	Percent	100.0	63.1						
2007	Claims	3,977							
	Average Yearly Benefit	$2,874							
	Average Total Benefit	$2,874							
	Percent	100.0							

Exhibit 4.15 – Medical Costs: Payments to Hospitals

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	3,187	1,664	922	605	476	365	262	209
	Average Yearly Benefit	$2,800	$3,332	$2,855	$2,403	$2,560	$2,271	$2,340	$3,888
	Average Total Benefit	$2,800	$6,254	$9,470	$11,991	$14,380	$16,706	$19,184	$21,141
	Percent	100.0	52.2	28.9	19.0	14.9	11.5	8.2	6.6
2001	Claims	3,617	2,062	1,370	1,104	904	657	413	
	Average Yearly Benefit	$3,330	$2,214	$2,122	$2,048	$2,368	$2,552	$3,990	
	Average Total Benefit	$3,330	$5,965	$7,869	$9,348	$11,482	$13,658	$20,179	
	Percent	100.0	57.0	37.9	30.5	25.0	18.2	11.4	
2002	Claims	3,699	2,077	1,263	882	599	407		
	Average Yearly Benefit	$3,915	$2,650	$2,496	$2,530	$2,292	$3,013		
	Average Total Benefit	$3,915	$7,245	$10,014	$13,298	$15,204	$19,190		
	Percent	100.0	56.2	34.1	23.8	16.2	11.0		
2003	Claims	3,916	2,338	1,312	760	549			
	Average Yearly Benefit	$3,372	$3,493	$2,663	$1,996	$4,001			
	Average Total Benefit	$3,372	$7,228	$10,985	$14,919	$19,814			
	Percent	100.0	59.7	33.5	19.4	14.0			
2004	Claims	3,984	2,060	1,005	671				
	Average Yearly Benefit	$3,889	$3,086	$2,907	$3,426				
	Average Total Benefit	$3,889	$7,927	$12,194	$16,337				
	Percent	100.0	51.7	25.2	16.8				
2005	Claims	3,813	1,639	875					
	Average Yearly Benefit	$4,742	$3,080	$3,771					
	Average Total Benefit	$4,742	$9,371	$14,032					
	Percent	100.0	43.0	22.9					
2006	Claims	3,229	1,668						
	Average Yearly Benefit	$3,397	$5,015						
	Average Total Benefit	$3,397	$8,835						
	Percent	100.0	51.7						
2007	Claims	1,966							
	Average Yearly Benefit	$6,620							
	Average Total Benefit	$6,620							
	Percent	100.0							

Exhibit 4.16 – Medical Costs: Payments to Other Medical Providers

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	3,637	2,069	1,228	875	725	594	470	408
	Average Yearly Benefit	$1,372	$1,630	$1,736	$2,434	$3,126	$1,979	$2,185	$4,885
	Average Total Benefit	$1,372	$3,325	$5,715	$8,849	$12,258	$14,943	$17,492	$22,671
	Percent	100.0	56.9	33.8	24.1	19.9	16.3	12.9	11.2
2001	Claims	4,235	2,618	1,860	1,554	1,312	1,017	715	
	Average Yearly Benefit	$1,394	$1,289	$1,739	$1,940	$2,104	$2,010	$3,551	
	Average Total Benefit	$1,394	$2,794	$4,599	$6,451	$8,234	$10,780	$16,656	
	Percent	100.0	61.8	43.9	36.7	31.0	24.0	16.9	
2002	Claims	4,295	2,645	1,808	1,332	1,007	792		
	Average Yearly Benefit	$1,605	$1,730	$2,660	$2,019	$1,882	$2,695		
	Average Total Benefit	$1,605	$3,736	$6,725	$7,867	$10,665	$13,890		
	Percent	100.0	61.6	42.1	31.0	23.4	18.4		
2003	Claims	4,560	2,886	1,823	1,208	952			
	Average Yearly Benefit	$1,378	$2,177	$1,998	$1,681	$3,884			
	Average Total Benefit	$1,378	$3,814	$6,369	$8,755	$13,200			
	Percent	100.0	63.3	40.0	26.5	20.9			
2004	Claims	4,759	2,649	1,496	1,135				
	Average Yearly Benefit	$1,695	$1,863	$1,860	$3,245				
	Average Total Benefit	$1,695	$4,109	$6,429	$9,876				
	Percent	100.0	55.7	31.4	23.8				
2005	Claims	4,536	2,235	1,543					
	Average Yearly Benefit	$1,850	$1,974	$3,062					
	Average Total Benefit	$1,850	$4,506	$8,072					
	Percent	100.0	49.3	34.0					
2006	Claims	4,397	2,795						
	Average Yearly Benefit	$1,913	$3,824						
	Average Total Benefit	$1,913	$6,136						
	Percent	100.0	63.6						
2007	Claims	3,770							
	Average Yearly Benefit	$4,044							
	Average Total Benefit	$4,044							
	Percent	100.0							

Exhibit 4.17 – Wage Replacement: Lump Sums

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	811	585	336	209	136	90	31	8
	Average Yearly Benefit	$2,800	$6,557	$7,595	$10,557	$14,477	$14,187	$14,612	$19,044
	Average Total Benefit	$2,800	$6,649	$8,071	$11,621	$17,088	$18,260	$22,740	$22,232
	Percent	100.0	72.1	41.4	25.8	16.8	11.1	3.8	1.0
2001	Claims	1,179	875	477	284	175	57	16	
	Average Yearly Benefit	$2,753	$7,899	$9,453	$12,968	$18,854	$18,877	$31,758	
	Average Total Benefit	$2,753	$8,053	$9,922	$13,876	$20,171	$20,495	$34,052	
	Percent	100.0	74.2	40.5	24.1	14.8	4.8	1.4	
2002	Claims	1,220	907	465	231	92	26		
	Average Yearly Benefit	$2,514	$8,839	$12,406	$15,947	$18,134	$27,443		
	Average Total Benefit	$2,514	$8,865	$12,857	$17,892	$20,269	$27,851		
	Percent	100.0	74.3	38.1	18.9	7.5	2.1		
2003	Claims	1295	906	398	126	35			
	Average Yearly Benefit	$3,081	$11,187	$15,823	$24,066	$28,858			
	Average Total Benefit	$3,081	$11,312	$16,692	$24,792	$30,276			
	Percent	100.0	70.0	30.7	9.7	2.7			
2004	Claims	1,123	735	211	53				
	Average Yearly Benefit	$3,959	$13,228	$17,726	$78,409				
	Average Total Benefit	$3,959	$13,249	$18,849	$79,399				
	Percent	100.0	65.4	18.8	4.7				
2005	Claims	858	390	91					
	Average Yearly Benefit	$6,147	$15,049	$25,596					
	Average Total Benefit	$6,147	$15,132	$25,861					
	Percent	100.0	45.5	10.6					
2006	Claims	466	207						
	Average Yearly Benefit	$5,960	$18,362						
	Average Total Benefit	$5,960	$18,418						
	Percent	100.0	44.4						
2007	Claims	154							
	Average Yearly Benefit	$7,930							
	Average Total Benefit	$7,930							
	Percent	100.0							

Exhibit 4.18 – Medical Lump Sums: Paid to Claimant as Settlement of Medical Liability

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	17	14	12	9	7	5	4	2
	Average Yearly Benefit	$1,310	$1,053	$2,660	$42	$14,832	$92	$24,462	$2,066
2001	Claims	34	31	23	12	5	4	3	
	Average Yearly Benefit	$1,326	$2,127	$3,028	$11,528	$1,404	$67	$156	
2002	Claims	42	39	24	13	8	4		
	Average Yearly Benefit	$10	$1,697	$1,525	$178	$4,911	$8,404		
2003	Claims	17	13	5	3	2			
	Average Yearly Benefit	$1,563	$1,478	$1,899	$689	$153			
2004	Claims	7	7	5	5				
	Average Yearly Benefit	$0	$2,609	$0	$43,410				
2005	Claims	6	2	0					
	Average Yearly Benefit	$817	$2,655	$0					
2006	Claims	10	6						
	Average Yearly Benefit	$2,742	$6,230						
2007	Claims	7							
	Average Yearly Benefit	$514							

Exhibit 4.19 – Vocational Rehabilitation Benefits, including Lump Sums

FY	CATEGORY	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8
2000	Claims	255	225	132	86	55	37	27	13
	Average Yearly Benefit	$686	$2,466	$3,933	$4,688	$5,298	$4,957	$3,378	$6,177
	Average Total Benefit	$686	$2,913	$6,337	$9,118	$12,119	$14,187	$12,098	$10,780
	Percent	100.0	88.2	51.8	33.7	21.6	14.5	10.6	5.1
2001	Claims	324	294	188	121	71	44	19	
	Average Yearly Benefit	$567	$2,396	$4,661	$5,364	$4,871	$4,330	$4,465	
	Average Total Benefit	$567	$2,774	$7,047	$12,222	$11,708	$12,219	$12,247	
	Percent	100.0	90.7	58.0	37.3	21.9	13.6	5.9	
2002	Claims	321	287	179	109	59	31		
	Average Yearly Benefit	$537	$2,578	$5,367	$5,467	$4,331	$5,238		
	Average Total Benefit	$537	$2,825	$7,827	$12,952	$11,092	$12,633		
	Percent	100.0	89.4	55.8	34.0	18.4	9.7		
2003	Claims	362	337	187	117	61			
	Average Yearly Benefit	$533	$2,324	$3,533	$5,337	$5,655			
	Average Total Benefit	$533	$2,710	$5,564	$9,951	$11,528			
	Percent	100.0	93.1	51.7	32.3	16.9			
2004	Claims	348	316	214	130				
	Average Yearly Benefit	$406	$1,843	$4,456	$5,597				
	Average Total Benefit	$406	$2,036	$5,605	$11,520				
	Percent	100.0	90.8	61.5	37.4				
2005	Claims	534	489	238					
	Average Yearly Benefit	$450	$3,797	$5,777					
	Average Total Benefit	$450	$3,977	$9,040					
	Percent	100.0	91.6	44.6					
2006	Claims	935	707						
	Average Yearly Benefit	$1,994	$5,118						
	Average Total Benefit	$1,994	$6,637						
	Percent	100.0	75.6						
2007	Claims	590							
	Average Yearly Benefit	$3,053							
	Average Total Benefit	$3,053							
	Percent	100.0							

Settlement Dollars

Settlements are lump sum payments of the claimant's workers' compensation indemnity and/or medical benefits. Benefits are usually paid in periodic payments designed to sustain an injured worker over an extended period of time. Settlements can occur when the claimant and the insurer agree that benefits will be converted to a lump sum payment. If the claimant has more than one claim, a settlement may settle more than one of those claims. Settlements are subject to approval by ERD.

This graph displays average settlement amounts, by fiscal year of injury. This information includes both injury and occupational disease settlements.

Exhibit 4.20

Average Settlement[1]

By Fiscal Year of Injury

Exhibit 4.21

Settlement Amounts for Claims Settled[1]

By Plan Type[2] and Fiscal Year of Injury

Plan Type[2]	FY03		FY04		FY05		FY06		FY07	
	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count
Plan 1	3,028,648	201	2,834,192	170	2,103,111	136	1,294,510	92	129,427	17
Plan 2	6,811,023	370	5,783,669	315	4,520,977	246	3,444,837	208	602,342	50
Plan 3	9,781,276	399	8,141,147	358	7,283,944	336	4,458,353	230	809,583	80
UEF	105,794	5	161,417	5	119,739	4	5,000	1	0	0
Totals[3]	***$19,726,741***	***975***	***$16,920,425***	***848***	***$14,027,771***	***722***	***$9,202,700***	***531***	***$1,541,352***	***147***

Notes:

[1]These charts do not include settlements ordered by the Workers' Compensation Court.

[2]Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance, Plan 3 – Montana State Fund, and UEF – Uninsured Employers Fund.

[3]Previous fiscal year information has been updated.

Injured Worker Attorney Fees

ERD requires claimants' attorneys to submit a Legal Fee Report at regular intervals throughout the life of a claim. Maximum legal fees are set by rule and regulated[1] by ERD. The Legal Fee Report provides the amount of attorney fees received by the attorney.

The data in exhibits 4.22 and 4.23 present attorney legal fee information by plan type and fiscal year of injury.

Exhibit 4.22

Total Attorney Legal Fees

By Plan Type[2] and Fiscal Year of Injury

Plan Type[2]	FY03		FY04		FY05		FY06		FY07	
	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count
Plan 1	301,420	69	256,707	49	174,272	44	193,952	72	109,381	22
Plan 2	826,351	200	681,177	151	479,593	127	477,116	122	192,207	77
Plan 3	1,210,385	236	1,030,107	240	1,127,228	190	935,277	183	325,001	106
UEF	0	0	11,093	1	7,114	1	26,276	7	0	0
Totals	***$2,338,156***	***505***	***$1,979,085***	***441***	***$1,788,207***	***362***	***$1,632,622***	***384***	***$626,589***	***205***

Notes:

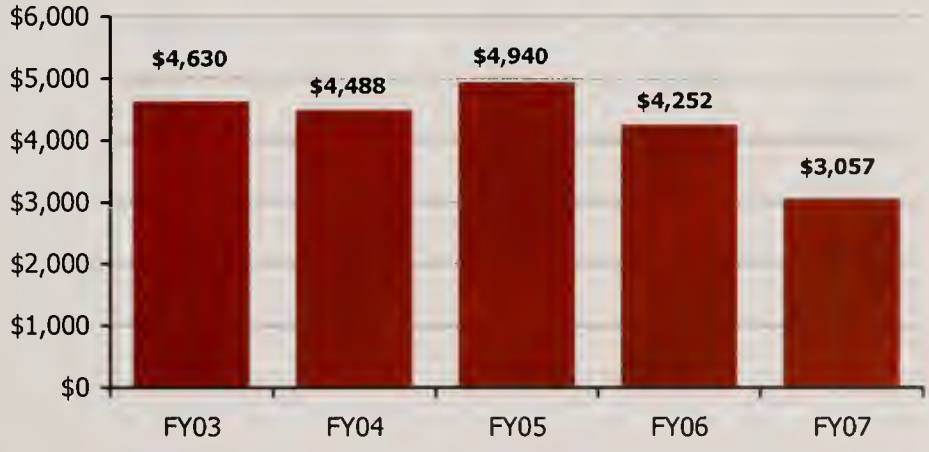
[1] §39-71-613, MCA (2007)

[2] Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance, Plan 3 – Montana State Fund, and UEF – Uninsured Employers Fund.

Exhibit 4.23

Average Attorney Legal Fees

By Fiscal Year of Injury



ERD also collects legal fees reported on workers' compensation approved settlements. The table below represents fees claimed in the fiscal year of the approved settlement regardless of the fiscal year in which the injury or disease occurred. These data show that approximately 55% of all settlements in FY07 involve attorneys.

Exhibit 4.24

Attorney Fees from Claimant Settlements[1]

By Fiscal Year of Settlement

	FY03	FY04	FY05	FY06	FY07
Number of Settlement Petitions Processed	1,324	1,414	1,452	1,459	1,406
Claims Settled with Attorney Representation	646	765	778	796	776
Percent Claimants Represented by Attorney	49%	54%	54%	55%	55%
Total Settlement Amount with Attorney Involvement	$17,745,697	$22,500,597	$22,361,132	$26,086,926	$24,542,844
Total Attorney Fees	***$3,191,182***	***$3,965,033***	***$3,936,199***	***$4,729,148***	***$4,426,450***

Notes:

[1]Similar to reports issued in previous years, there are a small percentage of records for which no attorney fees were listed due to entry errors and/or reporting limitations.

Insurer Legal Expenses

ERD requires insurance companies to report legal fees and costs associated with each indemnity claim.[1] These costs are reported to ERD on the subsequent report of injury at regular intervals throughout the life of a claim.

The data in exhibits 4.25 and 4.26 present insurer legal expenses by plan type and fiscal year of injury.

Exhibit 4.25

Total Insurer Legal Expenses

By Plan Type and Fiscal Year of Injury

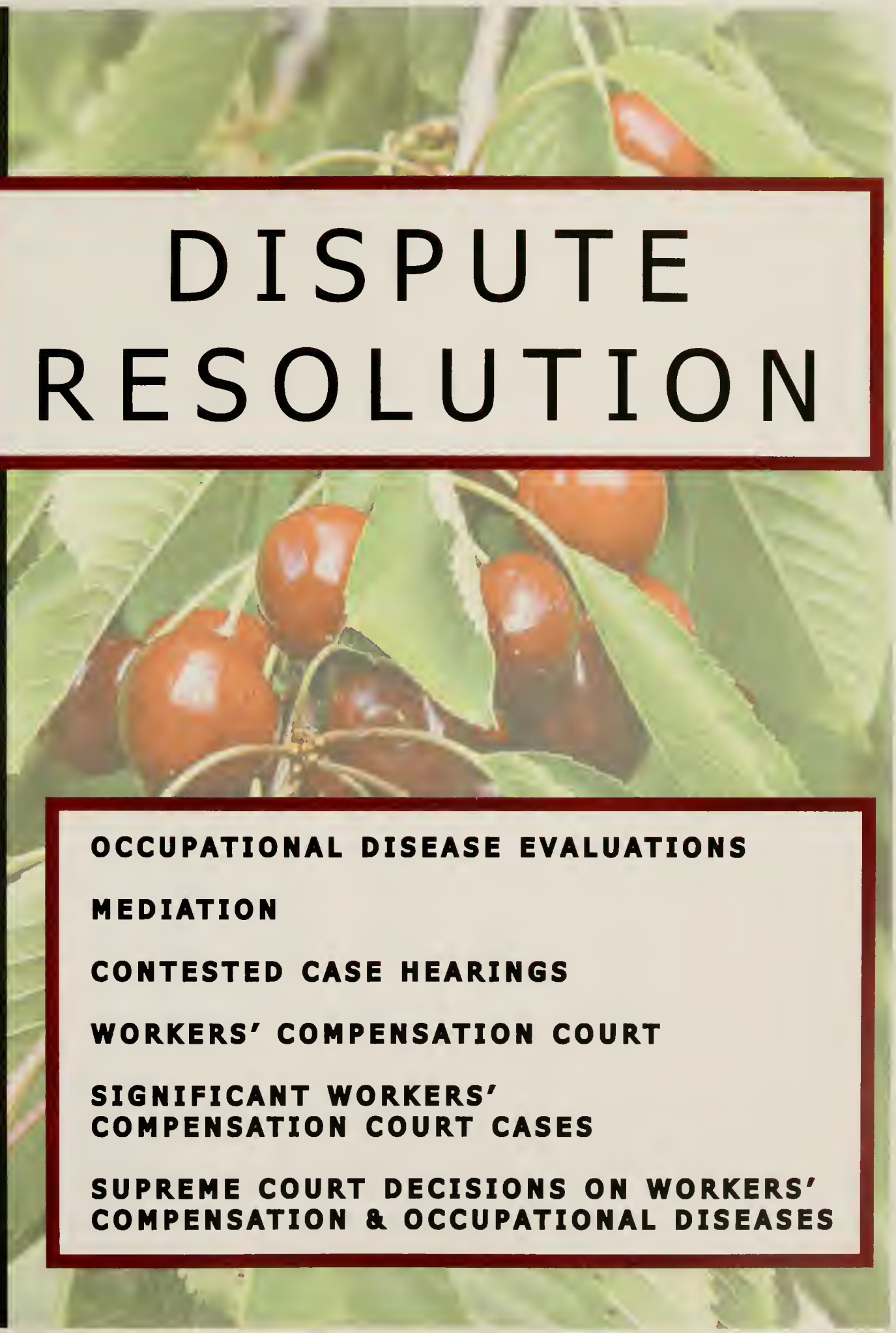
	FY03		FY04		FY05		FY06		FY07	
Plan Type	**Amount**	**Count**	**Amount**	**Count**	**Amount**	**Count**	**Amount**	**Count**	**Amount**	**Count**
Plan 1	323,090	154	310,171	167	196,792	155	197,950	105	69,962	38
Plan 2	460,866	297	488,697	226	426,228	144	340,236	139	146,241	79
Plan 3	90,077	48	220,056	71	106,493	36	42,872	26	6,946	8
Totals	***$874,034***	***499***	***$1,018,923***	***464***	***$729,513***	***335***	***$581,058***	***270***	***$223,149***	***125***

Exhibit 4.26

Average Insurer Legal Expenses per Claim

By Fiscal Year of Injury

[1] ARM 24.29.4335 and 24.29.4336 (2007)



DISPUTE RESOLUTION

OCCUPATIONAL DISEASE EVALUATIONS

MEDIATION

CONTESTED CASE HEARINGS

WORKERS' COMPENSATION COURT

SIGNIFICANT WORKERS' COMPENSATION COURT CASES

SUPREME COURT DECISIONS ON WORKERS' COMPENSATION & OCCUPATIONAL DISEASES

Occupational Disease Evaluations

The Workers' Compensation Claims Assistance Bureau of the ERD is responsible for the Occupational Disease (OD) evaluation process. The process is used to determine whether a claimant's condition is a result of the employment and to determine compensability of claims under the OD statutes when an insurer has not accepted liability for the claim.

The process requires the claimant to attend a medical evaluation directed by the department. The medical evaluator submits a report of findings to the department. A copy of the report is then sent to the claimant and the insurer. If a dispute still exists over initial compensability as an OD, it is a dispute subject to the jurisdiction of the Workers' Compensation Court (WCC).

Exhibit 5.1

Occupational Disease Evaluations

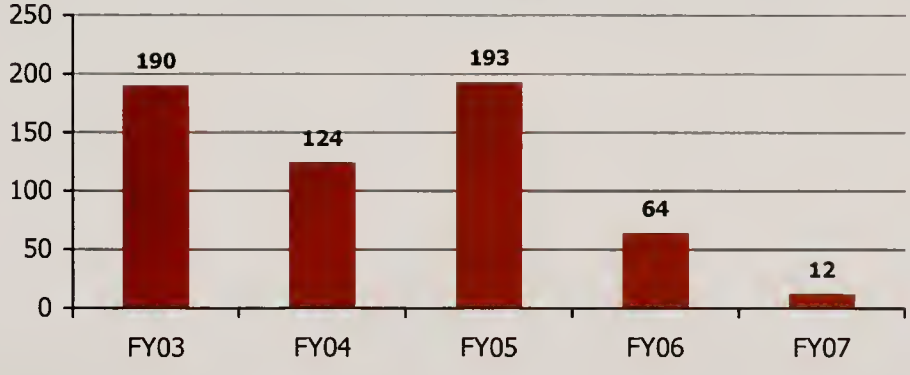
By Plan Type[1] and Fiscal Year of Request

Plan Type	FY03	FY04	FY05	FY06	FY07
Plan 1	30	25	38	10	5
Plan 2	64	28	54	19	5
Plan 3	96	71	101	35	2
Total	***190***	***124***	***193***	***64[2]***	***12***

Exhibit 5.2

Total Occupational Disease Cases

By Fiscal Year



Notes:

[1]Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance and Plan 3 – Montana State Fund

[2]The number of department evaluations has decreased due to repeal of the OD Act for injuries on or after 7/1/05. After 7/1/05, disputes go to mediation and then to the WCC.

Mediation

The Workers' Compensation Mediation Unit of ERD administers a mandatory process for resolving disputes dealing with benefits for both occupational injury and occupational disease claims. The mediation process is confidential, non-binding and informal. The mediator facilitates the exchange of information between the parties and assists with solutions aimed at resolving the dispute. Conferences are held either in person in Helena or by telephone. Often more than one conference is held in order to resolve the disputes on a claim. In FY07, the Mediation Unit received and processed 1,312 petitions, which involved 1,485 claims. A petition is a request for mediation and may include multiple claims.

Exhibit 5.3

Claims in Mediation - FY07

By Plan Type[1]

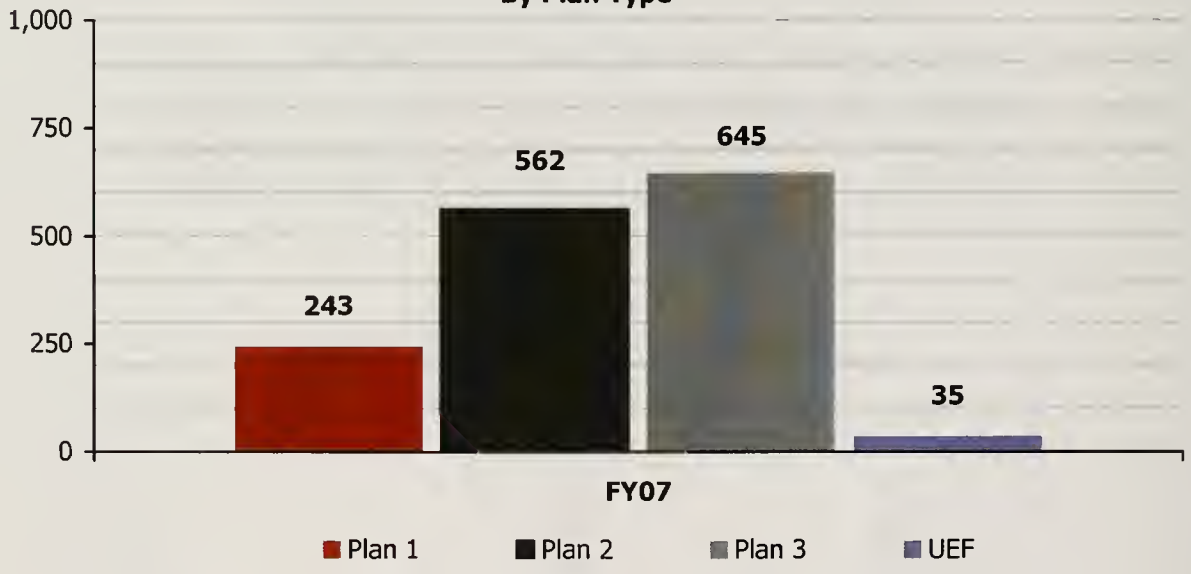


Exhibit 5.4

Claims in Mediation

By Plan Type[1] and Fiscal Year of Receipt

	FY03		FY04		FY05		FY06		FY07	
Plan Types	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**
Plan 1	244	18%	273	19%	270	17%	268	17%	243	16%
Plan 2	625	46%	577	41%	542	37%	588	38%	562	39%
Plan 3	451	33%	552	39%	622	43%	675	43%	645	43%
UEF	36	3%	16	1%	28	2%	28	2%	35	2%
Totals[2]	***1,356***	***100%***	***1,418***	***100%***	***1,461***	***100%***	***1,559***	***100%***	***1,485***	***100%***

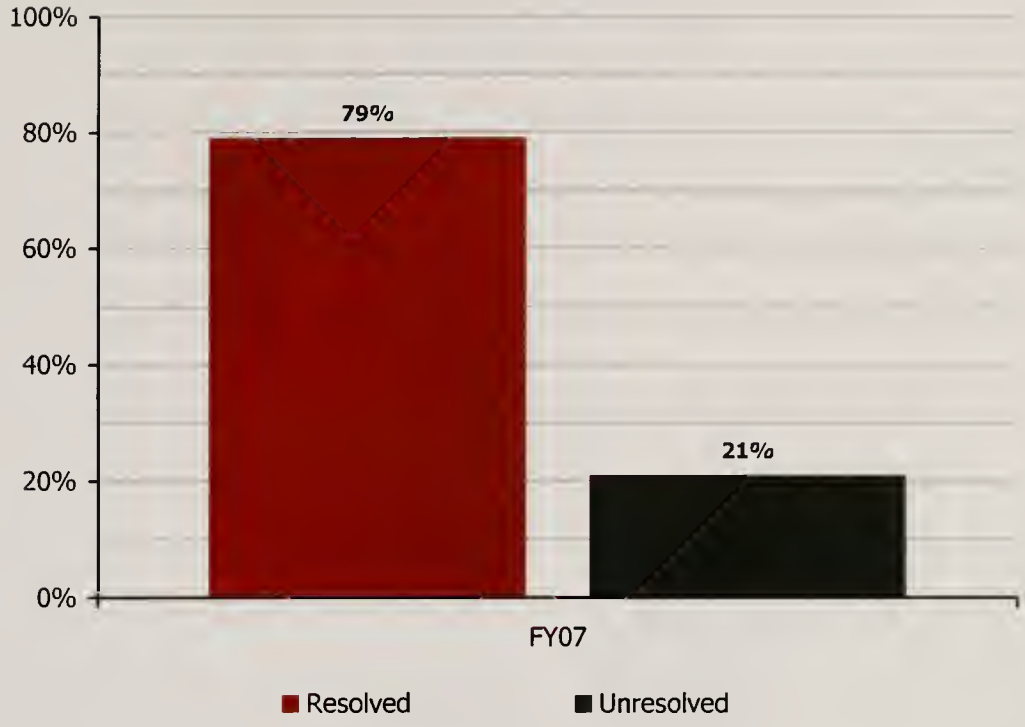
Notes:

[1]Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance, Plan 3 – Montana State Fund and UEF – Uninsured Employers Fund

[2]Total count represents the number of claims, not the number of petitions. Due to coverage and claim updates to our database following mediation, the claim counts may be changed slightly over prior years.

Exhibit 5.5

Percent of Mediation Petitions Resolved FY07



Over the past five years, the Mediation process has had an average resolution rate of 79%.

From the date of the petition receipt to issuing a written recommendation, the average completion time for mediation was 43 days in FY07.

Exhibit 5.6

Mediation Petitions[1]

By Fiscal Year of Receipt

Petitions Received	FY03		FY04		FY05		FY06		FY07	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Pending[2]	0	0%	0	0%	0	0%	7	1%	138	11%
Closed	1,232	100%	1,303	100%	1,336	100%	1,403	99%	1,174	89%
Total Petitions Received	***1,232***	***100%***	***1,303***	***100%***	***1,336***	***100%***	***1,410***	***100%***	***1,312***	***100%***
Resolved	975	79%	1,002	77%	1,032	77%	1,141	81%	931	79%
Unresolved	257	21%	301	23%	304	23%	262	19%	243	21%
Total Petitions Closed	***1,232***	***100%***	***1,303***	***100%***	***1,336***	***100%***	***1,403***	***100%***	***1,174***	***100%***

Notes:
[1]A single petition may include multiple claims and/or multiple insurers.
[2]Eventual outcome of pending petitions will affect percent resolved.

Contested Case Hearings

The DLI Hearings Bureau holds contested case hearings. Disputes heard at contested case hearings include appeals from orders and determinations issued by ERD, assessments of penalties for uninsured employers, medical disputes between providers and insurers when payments to the claimant are not an issue and regulation of attorney fees. The Legislature transferred responsibility for hearing occupational disease claims to the WCC in FY98. In FY07, the Hearings Bureau received 15 new requests for contested case hearings.

Exhibit 5.7

Petitions Received by the Hearings Bureau- FY07

By Plan Type[1]

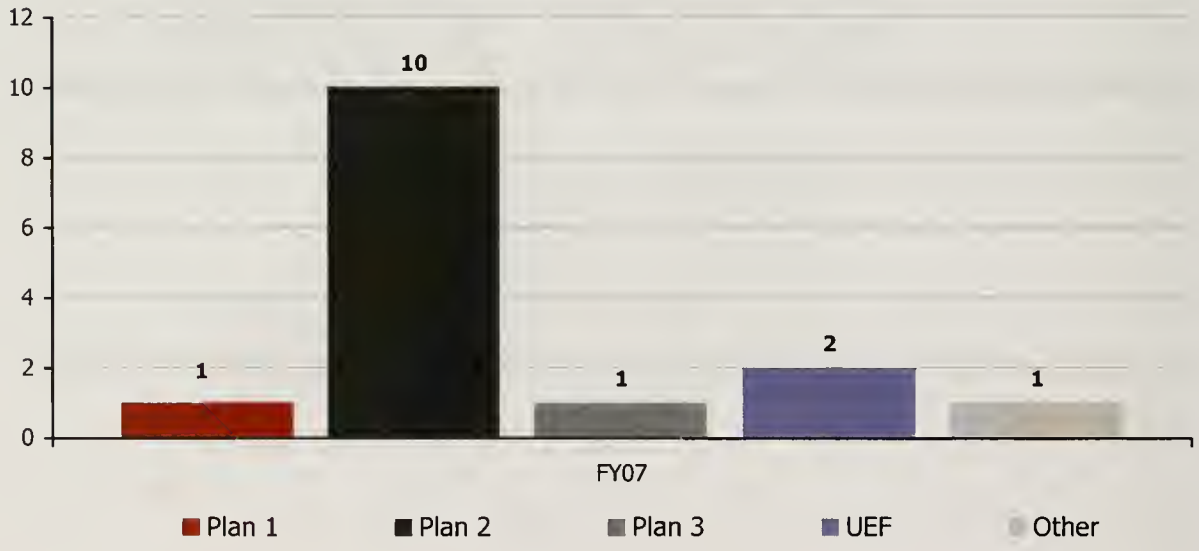


Exhibit 5.8

Petitions Received by the Hearings Bureau

By Plan Type[1] and Fiscal Year

	FY03		FY04		FY05		FY06		FY07	
Plan Type	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Plan 1	1	5%	0	0%	0	0%	1	10%	1	7%
Plan 2	6	32%	5	36%	3	28%	0	0%	10	67%
Plan 3	3	16%	7	50%	4	36%	7	70%	1	7%
UEF	9	47%	2	14%	4	36%	2	20%	2	13%
Other	--	--	--	--	--	--	--	--	1	6%
Total	***19***	***100%***	***14***	***100%***	***11***	***100%***	***10***	***100%***	***15***	***100%***

Notes:

[1]Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance, Plan 3 – Montana State Fund, UEF – Uninsured Employers Fund and Other.

Workers' Compensation Court

The WCC resolves disputes between insurers or employers and workers disabled as a result of occupational injuries or diseases. The court has original jurisdiction over benefit issues arising under the Workers' Compensation Act. For an injury occurring after July 1, 1987, disputes must first be mediated. The court's exclusive jurisdiction also extends to disputes involving independent contractor exemptions under both the Workers' Compensation and Unemployment Insurance Acts, enforcement of DLI subpoenas, civil penalties for violations of workers' compensation provisions and the two-year return to work preference specified in section 39-71-317(2), MCA.

Court statistics were taken from the Workers' Compensation Court Website: http://wcc.dli.mt.gov

Exhibit 5.9

Percent of Petitions Received by the WCC - FY07

By Plan Type[1]

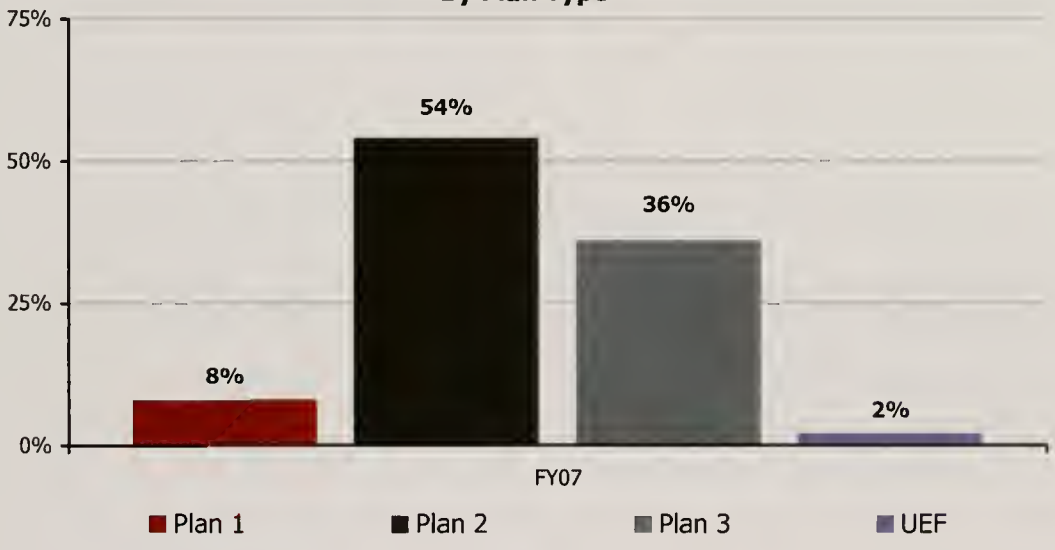


Exhibit 5.10

Petitions Received by the WCC

By Plan Type[1] and Fiscal Year

	FY03		FY04		FY05		FY06		FY07	
Plan Type	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**
Plan 1	34	15%	28	11%	40	14%	34	11%	18	8%
Plan 2	139	59%	144	55%	124	45%	150	49%	122	54%
Plan 3	53	22%	75	29%	96	35%	108	36%	81	36%
UEF	9	4%	14	5%	18	6%	12	4%	4	2%
Total by Plan[2]	***235***	***100%***	***261***	***100%***	***278***	***100%***	***304***	***100%***	***225***	***100%***

Notes:

[1]Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance, Plan 3 – Montana State Fund, SIF – Subsequent Injury Fund and UEF – Uninsured Employers Fund

[2]Petitions may involve more than one plan type.

Exhibit 5.11

Decisions by the WCC

By Fiscal Year

Decisions	FY03	FY04	FY05	FY06	FY07
Telephone Conference Resulting in Disposition	0	0	0	0	0
Bench Rulings without Written Decisions	0	1	3	1	0
Decisions	145	158	161	182	166
Orders on Appeal	0	0	1	1	0
Substantive Orders	32	30	41	27	19
Attorney Fee Orders	5	7	2	2	2
Orders on Cost	15	4	2	2	5
Subtotals	***197***	***200***	***210***	***215***	***192***
Petitions Dismissed by Agreement	72	88	83	96	80
Totals	***269***	***288***	***293***	***311***	***272***

Exhibit 5.12

Full and Final Compromise Settlements by the WCC

By Plan Type and Fiscal Year

Plan Type	FY03	FY04	FY05	FY06	FY07
Plan 1 - Self–Insured	5	7	1	1	7
Plan 2 - Private Insurers	12	13	6	6	8
Plan 3 - State Compensation Ins. Fund	24	17	10	15	7
Plan 5 - Uninsured Employers Fund	0	0	0	0	0
Total	***41***	***37***	***17***	***22***	***22***

Significant Workers' Compensation Court Cases

Case summaries are taken from the WCC Website: http://wcc.dli.mt.gov

MARTIN HETH, JR. vs. MONTANA STATE FUND
2008 MTWCC 19

Summary: Petitioner was in a single-vehicle accident involving the septic pumper truck he drove for his employer. Petitioner's blood-alcohol content (BAC) tested at .0874 shortly after the accident and beer cans were found in and around the truck. Respondent argued that it is not liable for Petitioner's workers' compensation claim because alcohol was the major contributing cause of the accident. Petitioner argued that alcohol was not the major contributing cause of the accident, and in any event, his employer knew that he drank alcohol on the job and therefore he is not barred from recovery under § 39-71-407(4), MCA.

Held: Although Respondent proved that alcohol was the major contributing cause of the accident, Petitioner proved that his employer knew he used alcohol while performing his job duties. Therefore, Petitioner is eligible for workers' compensation benefits.

DEBRA STAVENJORD vs. MONTANA STATE FUND
2008 MTWCC 17

Summary: Respondent moved for reconsideration of this Court's Order Regarding Identification and Notification of Potential Beneficiaries, arguing that since the Court found its process to be "well thought-out and reasonable," it was not impracticable or impossible for the identification and notification procedure to commence without common fund counsel and therefore this Court should reconsider its determination that it could not comply with the Montana Supreme Court's remand order to that effect.

Held: The Court determined as a threshold issue that it was impossible to determine an acceptable identification and notification procedure for potential *Stavenjord* beneficiaries since, without common fund status, the Court has no jurisdiction to order non-party insurers to comply with the procedure. Therefore, irrespective of the fact that Respondent's proposed procedure appears to the Court to be "well thought-out and reasonable," the Court is unable to comply with the Supreme Court's directive on remand until such time as the Supreme Court clarifies whether the term "potential Stavenjord beneficiaries" is limited to ***only*** those claimants whose employer was insured by Respondent. Motion for reconsideration is therefore denied.

CARLON FIRST STRIKE vs. MONTANA CONTRACTOR COMPENSATION FUND
2008 MTWCC 9

Summary: Respondent moved to compel Petitioner to attend an independent medical examination. Petitioner argues that since Respondent already denied liability for his claim, Respondent is not entitled to further investigation.

Held: Under § 39-71-605(2), MCA, Respondent is entitled to obtain an IME because a dispute exists concerning the claimant's physical condition and/or the cause or causes of any injury or disability the claimant may have.

ANGIE SIZEMORE vs. COPPER KING HOTEL AND CONVENTION CENTER
2008 MTWCC 8

Summary: Respondent moved to dismiss Petitioner's petition in which she requested that the Court enforce the reemployment preference of § 39-71-317, MCA, against The Cimarron Group, Inc., which now owns the Copper King Hotel and Convention Center. Petitioner was employed at the Copper King Hotel and Convention Center when it was owned by Allegra Partnership, and Allegra Partnership owned the business on the date of Petitioner's industrial injury.

Held: Under § 39-71-317(3), MCA, a claimant's reemployment preference lies with her date-of-injury employer. Since Petitioner's place of employment was owned by Allegra Partnership and not The Cimarron Group, Inc., on the date of her injury, her entitlement to a reemployment preference lies with Allegra Partnership and not The Cimarron Group, Inc. Respondent's motion to dismiss is therefore granted.

CARL "CHRIS" YOUNG vs. MONTANA STATE FUND
2008 MTWCC 2

Summary: On August 15, 2005, Petitioner sent a demand letter to Respondent, requesting payment of a permanent partial disability (PPD) award pursuant to *Reesor v. Montana State Fund*. The following day, the Montana Supreme Court ruled in *Otteson v. Montana State Fund* that PPD awards were not payable to permanently totally disabled claimants and thus Petitioner was not entitled to receive the PPD benefits paid by Respondent. Respondent nonetheless paid Petitioner a PPD award on August 22, 2005. Respondent requested return of these funds on November 21, 2005. Petitioner refused, and Respondent began recouping the PPD award by reducing Petitioner's biweekly benefits by $23.78. Petitioner argues that for equitable reasons, Respondent is not entitled to the return of the PPD award.

Held: Insofar as Petitioner changed his position for the worse based upon his belief that Respondent had paid him a PPD award and would not request its return, Respondent is equitably stopped from recouping that portion of the erroneous payment from Petitioner. Therefore, of the $16,625 Respondent erroneously paid to Petitioner, Respondent is entitled to reduce Petitioner's biweekly benefits to recoup a total of $10,529.

RICH BARNEA vs. ACE AMERICAN INSURANCE COMPANY
2007 MTWCC 58

Summary: On May 17, 2004, Petitioner was injured while lifting a heavy beam as part of his job duties as a boilermaker. At the time, he primarily felt pain in his lower back and right hip. However, he also asserted that he had neck and shoulder pain which worsened significantly over time and when he decreased his pain medication. Petitioner's treating physician did not make note of Petitioner's neck and shoulder pain until July 21, 2004, although he later asserted that Petitioner had complained of neck and shoulder pain at the outset. A January 23, 2006, cervical MRI revealed a herniated disk or protrusion, and surgery was recommended. Respondent denied liability for Petitioner's neck and shoulder condition.

Held: Although Petitioner's neck and shoulder pain was not mentioned in Petitioner's medical records until two months after the industrial accident, the Court has no reason to doubt the assertion of Petitioner's doctor that he had simply failed to record it as he was focused on Petitioner's more severe lumbar complaints. Furthermore, Petitioner's subsequent treating physician also opined that Petitioner's cervical and shoulder conditions were likely caused by the industrial accident. Respondent is therefore liable.

BARRY SHELLEY vs. AMERICAN HOME ASSURANCE COMPANY
2007 MTWCC 52

Summary: Respondent moves for dismissal of the petition in this case because it alleges that Petitioner failed to file a written claim for benefits within a year of when he knew or should have known that he suffered from an occupational disease and therefore Petitioner's claim is untimely pursuant to § 39-71-601, MCA (2005). Petitioner responds that he did not need treatment for his condition until 2005, and therefore the statute of limitations did not begin to run until that point.

Held: Respondent's motion is granted. Petitioner filed a district court action in 2001 alleging that he suffered from an asbestos-related condition as a result of his employment with Respondent's insured. However, he did not file an occupational disease claim until January 2006. The fact that Petitioner alleged he did not exhibit symptoms

or require treatment for his condition until December 2005 does not negate the fact that he knew at least as early as the time when he filed the district court action that he suffered from a work-related occupational disease.

DEB HAMAN vs. WAUSAU INSURANCE COMPANY
2007 MTWCC 49

Summary: Respondent moved to compel Petitioner to attend a follow-up independent medical examination (IME) with Dr. Gregg Singer. Petitioner argues that a follow-up IME is unnecessary. As this motion specifically pertains to Dr. Singer, Petitioner argues that, in conducting the previous IME, Dr. Singer ignored her complaints of pain and pushed her to the point where she was in pain for several days after the examination. Moreover, Petitioner alleges that Dr. Singer did not note her pain complaints in his IME report. If the Court grants Respondent's motion to compel, Petitioner moves for a protective order to allow petitioner's husband to be present during the entire examination and to videotape the examination.

Held: Respondent's motion to compel is granted. The Court finds good cause to allow a follow-up examination with Dr. Singer. Petitioner's motion for a protective order is granted in part and denied in part. Petitioner's husband may not be present for the examination. However, Petitioner's counsel may be present for both the history-taking portion of the IME and the examination itself. The entire IME will be recorded by a fixed video camera.

RICHARD A. SIEBKEN vs. LIBERTY NORTHWEST INSURANCE COMPANY
2007 MTWCC 48
Appealed to the Montana Supreme Court on January 17, 2008

Summary: Petitioner was involved in a work-related physical altercation on December 11, 2004. He reported the incident to his supervisor the same day, but did not report any injury because he did not know he was injured. On May 26, 2006, he learned that he had a cervical condition which was likely caused by the altercation. Petitioner filed a claim for compensation on July 3, 2006. Respondent argues that it is not liable for Petitioner's condition because Petitioner did not report an accident and injury within 30 days as required by § 39-71-603, MCA.

Held: Petitioner failed to notify his employer within 30 days of when he learned that his work-related incident was the probable cause of his injury. His claim is therefore time barred under § 39-71-603, MCA.

MONTANA MUNICIPAL INSURANCE AUTHORITY vs. JOHN E. ROCHE, JR.
2007 MTWCC 47

Appealed to the Montana Supreme Court January 15, 2008

Summary: Petitioner alleges that Respondent received a "wage" from a business which he ran as a sole proprietor during the time that Respondent received TTD benefits from Petitioner, and that Respondent did not have Petitioner's consent to do so as required by § 39-71-701, MCA. Respondent denies that he received a "wage" from his business because he asserts that the business is not profitable and does not generate an income.

Held: Respondent received a wage from his business because he used business assets for personal use and wrote checks from his business account to pay personal loans. The fact that the business is not profitable according to Respondent's income tax returns has no bearing on whether Respondent himself received a "wage" from the business as that term is defined in § 39-71-123, MCA. Therefore, Respondent was not entitled to the TTD benefits he received and must repay those benefits to Petitioner.

JOHN PORTER vs. LIBERTY NORTHWEST INSURANCE CORPORATION
2007 MTWCC 42

Summary: Petitioner injured his back in an industrial accident for which Respondent accepted liability. Petitioner sought chiropractic treatment and subsequently alleged that the treatment aggravated a preexisting cervical condition. Petitioner ceased to treat with the chiropractor and began to treat with a physician who had previously treated his cervical condition without Respondent's approval to change treating physicians. Months after he last treated Petitioner, the chiropractor declared him to be at MMI and released him to his time-of-injury job without restriction. The chiropractor withdrew that opinion when he learned Petitioner had treated with other doctors. Prior to filing this lawsuit, Petitioner's counsel requested a complete copy of Respondent's claims file and Respondent provided only certain material until compelled to remit the remainder pursuant to subpoena. Petitioner moved this Court to adopt guidelines to compel insurers to turn over claims files upon request. Petitioner further alleged that Respondent's adjusting of his claim was unreasonable.

Held: Petitioner failed to prove that the chiropractic treatment aggravated his preexisting cervical condition. Except for the chiropractor's withdrawn opinion, no doctor has found Petitioner to be at MMI and he is therefore entitled to TTD benefits retroactive to the date of termination. Respondent's refusal to reinstate TTD benefits in light of the lack of a doctor's opinion that Petitioner was at MMI or released to return to work is unreasonable and Petitioner is therefore entitled to a penalty. Respondent's adjustment of

this claim, taken as a whole, was likewise unreasonable and Petitioner is entitled to his attorney fees. This Court has no jurisdiction to set forth the claims file guidelines Petitioner desires because it does not have jurisdiction over a claim until a petition has been filed.

CHARLES LANES vs. MONTANA STATE FUND
2007 MTWCC 39
Notice of Appeal filed November 7, 2007

Summary: Although Respondent accepted liability for Petitioner's left knee occupational disease, it has denied liability for Petitioner's subsequent occupational disease claim for his right knee. At the time of his left knee claim, Petitioner worked as an electrician for Respondent's insured. At the time of his right knee claim, Petitioner worked as a minister. Respondent alleges that Petitioner's church is the employer of last injurious exposure. Petitioner contends that his work for his church did not permanently aggravate his right knee condition.

Held: The aggravation to Petitioner's right knee caused by his work as a minister was merely temporary additional pain that would alleviate with rest and does not constitute a significant aggravation or contribution. However, Petitioner's work as an electrician significantly aggravated or contributed to his right knee condition. Therefore, Respondent, as the insurer of the employer where Petitioner suffered his last injurious exposure, is liable.

DENNIS HAND vs. UNINSURED EMPLOYERS' FUND and G. JON ROUSH d/b/a SWITCHBACK RANCH,
Employer
2007 MTWCC 33

Summary: Petitioner has been totally disabled due to an occupational disease since January 15, 1993. In the late 1980s, Petitioner's employer gave him twenty-five head of breeding cattle in lieu of future wage increases. Petitioner's employer also provided pasture year round, provided hay in the winter, medical supplies, veterinary services, and breeding bulls for the cattle. Petitioner contends that the offspring of these cattle should be included as wages in determining his total disability rate.

Held: The value of the calves born from the twenty-five head of cattle given to Petitioner by his employer in the late 1980s are not wages for the purpose of determining Petitioner's total disability rate. However, the value of the year-round pasture, winter hay, medical supplies, veterinary services, and breeding bulls for the twenty-five head of cattle provided to Petitioner by his employer are wages for the

purpose of determining Petitioner's total disability rate. The parties shall calculate the actual value of these services and supplies for the year preceding Petitioner's last day of work and factor that amount into the calculation for determining Petitioner's total disability rate.

STEVEN SCHOENEMAN vs. LIBERTY INSURANCE CORPORATION
2007 MTWCC 28

Summary: Petitioner moved for summary judgment, requesting reinstatement of his temporary total disability benefits because Respondent terminated them without 14 days' written notice. Respondent argues that it was paying these benefits pursuant to § 39-71- 608, MCA, and because Petitioner was not at maximum medical improvement when his treating physician released him to work in some capacity, § 39-71-609(2), MCA, allows an insurer to terminate temporary total disability benefits without notice.

Held: Petitioner's motion for summary judgment is granted. Respondent bases its case on reading a single sentence of a statute out of the context of the remainder of the statute and the Workers' Compensation Act as a whole. The Court is not persuaded by this interpretation.

CASSANDRA SCHMILL vs. LIBERTY NORTHWEST INSURANCE CORPORATION
2007 MTWCC 27

Summary: On December 11, 2006, this Court ordered the parties to brief certain unresolved issues. On July 9, 2007, the Special Master appointed by the Court issued his "Findings and Conclusions by Special Master on Issues Presented Pursuant to December 11, 1006, Order of the Workers' Compensation Court."

Held: The "Findings and Conclusions by Special Master on Issues Presented Pursuant to December 11, 2006, Order of the Workers' Compensation Court" dated July 7, 2007, are adopted:

> The retroactive application of Schmill involves the period from July 1, 1987, through June 21, 2001, inclusive. Unless otherwise excluded, all claims arising out of occupational diseases which were first diagnosed as work-related during this period should be identified, reviewed, and paid under Schmill, subject to specific objections that arise in particular cases or with regard to categories of cases.
>
> Excluded from the retroactive application of Schmill are cases which were settled through a department-approved settlement or court-ordered compromise of benefits.

Excluded from the retroactive application of Schmill are cases in which a final judgment was entered by the WCC, and that judgment is not pending on appeal to the Montana Supreme Court, if the circumstances of the particular judgment indicate that the underlying occupational disease claim is no longer actionable. However, the Special Master reserves ruling on specific Class V issues until presentation of specific claims or until interested parties present particular classes of "judgment" situations for negotiation or ruling.

Neither the doctrine of laches nor any particular statute of limitations limits the retroactivity of cases in the implementation period noted above.

Claims handled by the UEF are subject to the retroactive application of Schmill, though the UEF may later argue that reduction in payment on particular claims is necessary pursuant to statutory mandate.

NELS OKSENDAHL vs. LIBERTY NORTHWEST INSURANCE CORPORATION
2007 MTWCC 24
Notice of Appeal Filed July 9, 2007

Summary: Petitioner suffers from arthritis in his thumbs, which his treating physician and an IME doctor both opine would have developed irrespective of his employment. However, both doctors agree that Petitioner's employment probably aggravated or accelerated his thumb condition. Petitioner and Respondent both argue they are entitled to summary judgment as a matter of law as to whether Petitioner's thumb condition is a compensable occupational disease.

Held: Petitioner's motion for summary judgment is granted. Respondent's Motion for Summary Judgment is denied. Petitioner had been a carpenter all his life, the last five years of which were working for Respondent's insured. Both of the doctors who offered opinions stated that Petitioner's work aggravated this condition. The test for causation of an occupational disease is whether Petitioner's employment constituted a significant aggravation or significant contribution to his condition. Petitioner has established that the aggravation or contribution was significant.

NICHOLAS J. MARKOVICH vs. LIBERTY NORTHWEST
2007 MTWCC 21

Summary: When Petitioner neared the completion of an 84-week vocational rehabilitation plan which allowed him to get a master's degree, he asked Respondent to pay for additional schooling so he could complete a thesis which would make him eligible for a

Ph.D. program. Respondent refused. Petitioner petitioned this Court for additional vocational rehabilitation benefits, additional benefits under § 39-71-703, MCA, additional auxiliary benefits, and attorney fees and a penalty for Respondent's actions from the day of Petitioner's injury until the present.

Held: Petitioner has not suffered a wage loss that would entitle him to PPD benefits under § 39-71-703, MCA, because he is now qualified to earn more than he earned at his time of injury employment. Petitioner is not entitled to an additional vocational rehabilitation plan, nor is he entitled to auxiliary benefits for travel in excess of the $4,000 which Respondent has paid. Petitioner is not entitled to attorney fees or a penalty.

BONITA FOSTER vs. MONTANA SCHOOLS GROUP INSURANCE AUTHORITY 2007 MTWCC 18

Summary: Petitioner sustained a left knee injury on September 6, 2005, while employed by Respondent's insured, Evergreen School District. On October 27, 2005, Petitioner underwent a left knee arthroscopy with a partial medial meniscectomy. On November 22, 2005, Petitioner was released to full duty by her treating physician. On December 20, 2005, Petitioner returned to her treating physician noting severe pain and catching in her left knee. Ultimately, an MRI conducted on May 19, 2006, showed evidence of an avascular necrosis of the subchondral area of the lateral femoral condyle. Petitioner contends that the avascular necrosis is causally related to either her injury of September 6, 2005, or the medial meniscectomy of October 27, 2005. Alternatively, Petitioner contends that an additional arthroscopy should be authorized to determine whether she has sustained a repeat meniscal tear. Respondent has denied liability, contending that Petitioner has failed to establish a causal relationship between the avascular necrosis and her industrial injury. Respondent also contends that Petitioner has failed to establish on a more-probable-than-not basis that she has sustained a repeat meniscal tear.

Held: Petitioner has failed to establish on a more-probable-than-not basis that the avascular necrosis is causally related to either her injury of September 6, 2005, or her arthroscopy of October 27, 2005. With respect to the possibility of a repeat meniscal tear, Petitioner has likewise failed to establish on a more-probable-than-not basis that such an injury exists. The MRI conducted on May 19, 2006, showed no evidence of a tear, and her treating physician's testimony that there may be a 5-10% chance that the MRI may have missed it does not satisfy Petitioner's burden of proof.

DALE ALDRICH vs. MONTANA STATE FUND
2007 MTWCC 57
Appealed to the Montana Supreme Court on January 15, 2008

Summary: Petitioner petitioned this Court for an award of temporary total disability (TTD) benefits during the period of Petitioner's medical instability resulting from an occupational disease, notwithstanding the age or Social Security retirement status of Petitioner. Respondent argues that Petitioner is not entitled to TTD benefits because he has failed to prove an actual wage loss.

Held: Petitioner is not entitled to an award of TTD benefits. Pursuant to § 39-71-701, MCA, a worker is eligible for TTD benefits when the worker suffers a total loss of wages as a result of an injury and until the worker reaches maximum healing. In this case, at the time Petitioner contends he was no longer at maximum healing, he had not worked for approximately eleven years and had been drawing Social Security retirement benefits for approximately two years. None of the facts presented to this Court establish that Petitioner suffered any wage loss as a result of his injury when he was no longer at maximum healing. Petitioner, therefore, has failed to meet his burden of proof that he was entitled to receive TTD benefits.

BOBBY DRIGGERS vs. LIBERTY NORTHWEST INSURANCE CORPORATION
2007 MTWCC 60
Appealed to Montana Supreme Court January 28, 2008
Appeal Dismissed March 14, 2008

Summary: Petitioner moved this Court for summary judgment, arguing that he was injured in the course and scope of his employment because he was injured while driving to work in a vehicle furnished by his employer and for which the employer paid for gas, oil, maintenance, and insurance. Respondent opposed the motion and cross-motioned for summary judgment, contending that Petitioner failed to satisfy both parts of the two-part test set forth at § 39-71-407(3)(a)(i), MCA. Petitioner further requested an award of attorney fees, costs, and a penalty.

Held: Petitioner's motion for summary judgment is granted and Respondent's crossmotion for summary judgment is denied. Respondent is correct that both parts of the twopart test set forth at § 39-71-407(3)(a)(i), MCA, must be satisfied for Petitioner's injury to be compensable. Petitioner satisfies the first part of the test because he was injured while driving a vehicle furnished by his employer. Petitioner satisfies the second part of the test, that the travel was necessitated by and on behalf of the employer as an integral part or condition of his employment, based upon the well-established case law in Montana regarding the exceptions to the going and coming rule. This Court fails

to appreciate any notable distinctions between the present case and the cases of *McMillen*, *Ellingson*, and *Gordon*, which establish that an employee is usually entitled to compensation when injured during travel to or from his employment where he receives a specific allowance to get to and from his job. To the extent that there is any distinction between the present case and the Montana Supreme Court's decisions in *McMillen*, *Ellingson*, and *Gordon*, it may be only that the incident in this case is even more squarely within the scope of the exception to the going and coming rule. Therefore, the Court also finds Respondent's denial of Petitioner's claim unreasonable and he is entitled to attorney fees, costs, and a penalty.

Supreme Court Decisions on Workers' Compensation and Occupational Disease

These decisions can be found at the State Law Library Website: www.lawlibrary.state.mt.us

Wilkes vs. Mont. State Fund

Appeal from the WCC. Affirmed.

Wilkes worked part-time as a school bus driver, and ran a farm as a sole proprietor. On the farm, he did not elect to cover himself under workers' compensation. On March 26, 2002 he seriously injured his neck in the course and scope of driving the school bus. State Fund accepted the claim. Upon reaching MMI, Wilkes was able to return to light-duty bus driving at the same wage. He has not been able to return to heavy work of running his farm, and has been forced to lease it out. State Fund denied PPD benefits for wage-loss under § 39-71-703(5).

Wilkes argued that denying PPD benefits to workers who suffer reduced earning capacity, but who do not suffer actual wage loss, impermissibly compensates similarly situated workers differently. While acknowledging a thoughtful policy argument advanced by the claimant, the Supreme Court held that reliance on actual wage loss for determining PPD benefits pursuant to § 39-71-703 does not violate Wilkes's Constitutional rights to equal protection.

Sturchio vs. Wausau Underwriters

Appeal from the WCC. Affirmed.

When injured on June 11, 2005, Sturchio was employed by five concurrent employers, each with a different payment method. Wausau argued that only one method of calculation should be used for all concurrent employments.

The Supreme Court agreed with the WCC. It held that the only interpretation that honors the plain language of § 39-71-123, MCA (2003), and furthers the legislative policy that wage-loss benefits "bear a reasonable relationship to actual wages lost" is applying subsection (3)(a) and (b) to each concurrent employment, using the statutory method best suited to each employment individually; and then using the resulting figures to calculate the employee's aggregate average actual wage

Kessel vs. Liberty Northwest Insurance
Appeal from the WCC. Affirmed.

Former employee filed a claim for benefits for an occupational disease from asbestos exposure. The WCC held the claim was not time-barred.

The Supreme Court agreed with the WCC, finding the language in § 39-72-602 (1999) required an occupational disease panel evaluation before a dispute can be presented to the WCC. The statute of limitations in § 39-71-2905(2), MCA (1995-2003) does not commence running until after the occupational disease panel report is issued.

The Court acknowledged this interpretation could result in an OD claim being open for an indeterminate time after discovery of the medical condition. But the Court wrote that due to changes in law, the ruling will only apply to those OD cases arising prior to June 30, 2005, where medical evaluations have already occurred.

BeVan vs. Liberty Northwest Insurance
Appeal from the WCC. Affirmed.

BeVan was injured in a vehicle accident while she was on a work break and returning from feeding her dog at her house. WCC found that her injury was compensable.

The Supreme Court found that because BeVan was on an authorized paid break, rather than a personal errand, the *Carillo* analysis applies, and not *Strickland* or § 39-71-407(3), MCA (2003). *Carillo v Liberty* established a four-factor analysis to determine whether an employee's injury while on break is compensable; (1) whether the employee was paid during the break; (2) whether the employment contract entitled the employee to the break; (3) whether restrictions limited where the employee could go during the break; and (4) whether the employee's activity constituted a substantial personal deviation. The Court concluded the WCC had properly applied the analysis, concluding BeVan met the first 3 factors. For the 4th factor the Court specifically concluded that claimant's activity was not a substantial personal deviation, in part because she could not take her normal break because she was helping her employer's customers, nor could she go home on her usual lunch break because her employer required her to attend a meeting during that period.

The Court held that their focus, when considering whether an employee has substantially deviated from the scope of employment, encompasses both the employee's activity and the benefits the employer derives.

Michalak vs. Liberty Northwest Ins. Corp.,
Appeal from the WCC. Affirmed.

Michalak was seriously injured while attending a company picnic, when riding a wave runner. The insurer denied his claim on the basis that the injury did not occur within the course and scope of his employment. The WCC applied the four-factor "course and scope" of employment analysis per *Courser v Darby Schools*. It found that the picnic was undertaken at the employer's request; the employer compelled the employee's attendance; the employer controlled or participated in the picnic; and the employer and its employees mutually benefited from the picnic. There were no findings that the employee acted recklessly or negligently in riding the wave runner or that he abandoned his employment. Michalak's injury was compensable because he had not been relieved of his prescribed duties and thus was acting in the course and scope of his employment.

The Supreme Court held that the WCC properly applied the *Courser* analysis. The WCC properly focused its analysis on the company picnic as the "activity", rather than Michalak's ride on the wave runner, to determine whether his injury occurred in the course and scope of his employment. The Court declined the insurer's invitation to overrule *Courser* in light of the legislature's repeal of the "liberal construction" provision in the Workers' Compensation Act.

Thompson vs. State
Appeal from the WCC. Reversed.

The workers sought a declaratory judgment stating that the claimant disclosure provisions in § 39-71-604(3) and § 50-16-527(5), MCA, (2003), violated their right to privacy and their right to due process of law. The workers did not raise a specific benefit dispute. The Supreme Court found the WCC had authority to issue declaratory rulings only in a dispute concerning benefits. § 27-8-311, MCA, did not authorize the award of attorney's fees and costs against the State.

Gamble vs. Sears
Appeal from the WCC. Affirmed.

On May 16, 1997, Gamble was injured in the course and scope of her employment. The claim was accepted. In May 2001, Gamble and her employer entered into a settlement agreement to resolve the claim. In 2004, Gamble was diagnosed with an odontoid fracture. The WCC found credible medical evidence that the fracture existed undiagnosed in 1998, and was caused by the 1997 accident. The WCC rescinded the settlement agreement based on a mutual mistake, reopening the employee's claim.

The Court agreed with the WCC finding that the parties were mistaken regarding a material fact, and properly rescinded the settlement agreement. The Court also held that the employer was not absolved of all liability for the medical costs because Gamble failed to obtain prior authorization. The procedural authorization rule of § 39-71-1101(2) MCA, allows the insurer an opportunity to choose a treating physician if the claimant no longer prefers the doctor he or she initially chose; it does not operate as an escape mechanism by which the insurer can avoid all liability of the cost of undisputedly necessary treatment arising from a work-related injury.

United States Court of Appeals for the Ninth Circuit

Siaperas vs. Montana State Compensation Insurance Fund
Appeal from the US District Court for the District of Montana. Affirmed.

Claimant severely injured her back on August 17, 1996. Her workers' compensation claim was accepted and she was determined to be permanently totally disabled. Her weekly workers' compensation benefit rate was capped at $384. She applied for and received SSDI benefits. The State Fund executed a reverse offset against her SSDI benefits, of 50%. After the reverse offset, her combined benefits totaled less than 80% of her average current earnings (ACE). Siaperas sought to establish this violates 42 U.S.C. §424a(a). The Court held because § 424a does not establish a combined benefit floor of 80% ACE, no conflict occurs when § 39-71-702(4) causes a combined benefits award to be less than 80% ACE. The Court also considered whether Montana law was preempted by § 424a. The Supreme Court's *Richardson* decision recognized a lack of intent to occupy the field of disability benefits when it stated that if there is any overlap between a federal disability insurance program and a state workers' compensation program, "workmen's compensation programs should take precedence . . . ." *Richardson*, 404 U. S. at 82.

DEPARTMENT ADMINISTERED PROGRAMS

ORGANIZATIONAL CHARTS

WORKERS' COMPENSATION ASSESSMENTS AS EXPENDED

SUBSEQUENT INJURY FUND

UNINSURED EMPLOYERS' FUND

OCCUPATIONAL SAFETY & HEALTH

INDEPENDENT CONTRACTOR EXEMPTION CERTIFICATES

PROFESSIONAL EMPLOYER ORGANIZATIONS

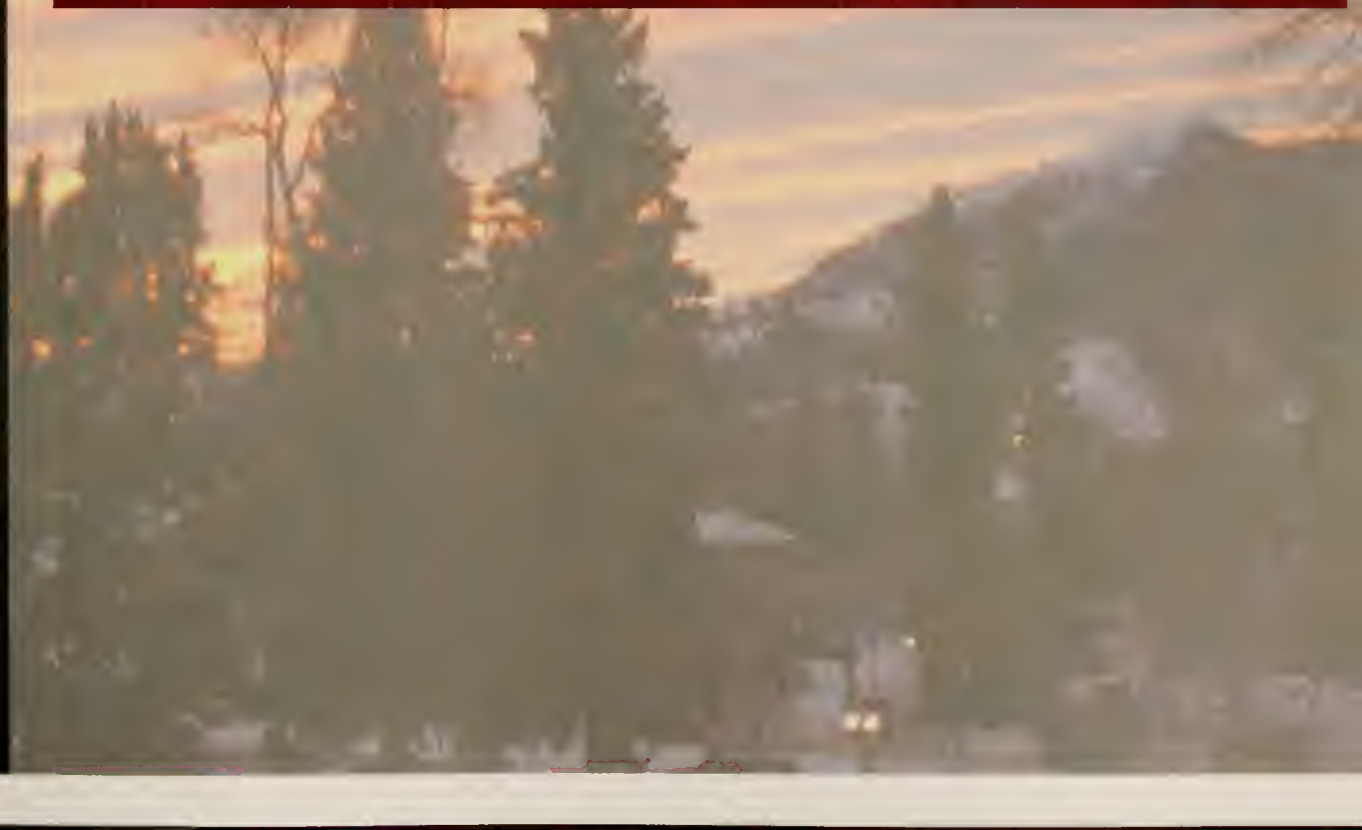


Exhibit 6.1

State of Montana
Department of Labor & Industry

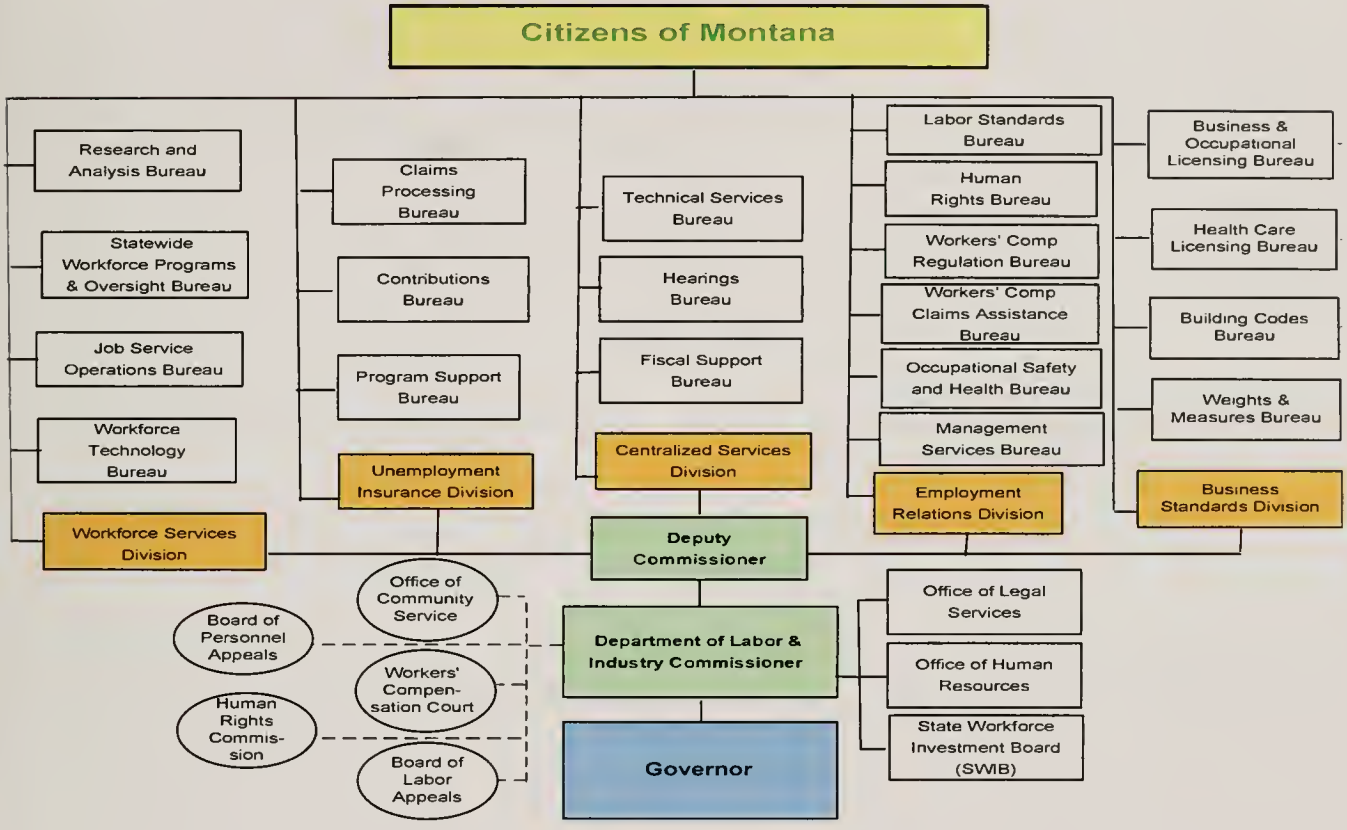
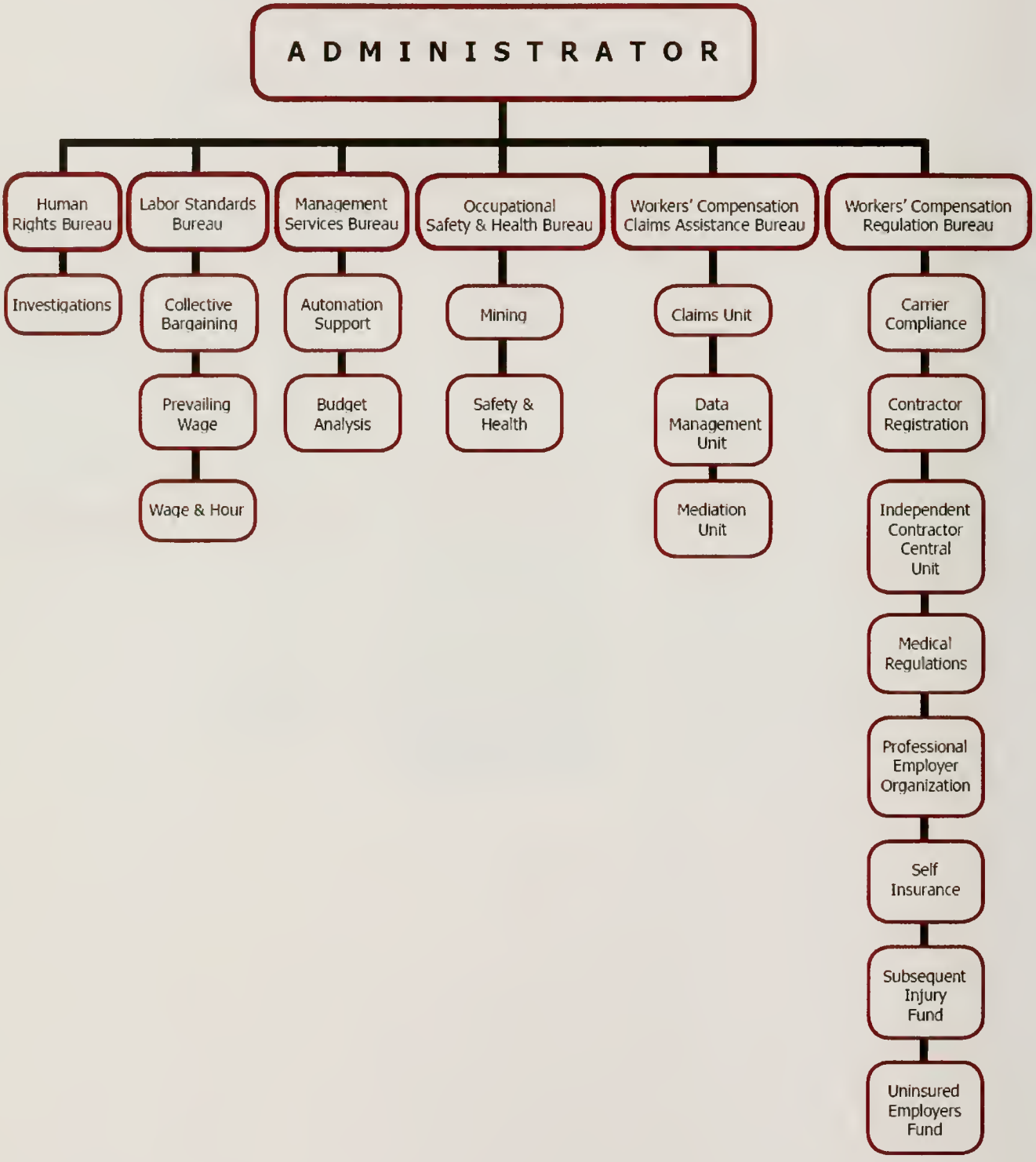


Exhibit 6.2

Employment Relations Division



Workers' Compensation Assessments as Expended

The administration of the Workers' Compensation Act and the various occupational safety laws is funded by an assessment to Plan 1 (self-insured employers), Plan 2 (private insurance carriers), and Plan 3 (Montana State Fund). Section 39-71-201, MCA, requires the administrative assessment to be three percent of benefits paid during the preceding calendar year for injuries covered under the Workers' Compensation Act, without regard to the application of any deductible, whether the employer or the insurer pays the losses. Benefits included in the calculation are: (1) compensation benefits paid and (2) medical benefits paid (except payments in excess of $200,000 per occurrence, which are exempt from the assessment).

DLI functions funded by the administrative assessments:

- Legal functions of the WCC and the Hearings and Legal Bureaus;
- Administration of the ERD, including the Workers' Compensation Database;
- Claims management, data analysis, rehabilitation panels, mediation and administration functions of the Claims Assistance Bureau;
- Medical regulation, self-insurance, carrier compliance, PEOs, Managed Care Organizations and administration functions of the Workers' Compensation Regulation Bureau; and
- Occupational safety statistics, public facility inspections, OSHA on-site consultation grant match, mining inspection, MSHA mine training grant match and safety culture functions of the Occupational Safety and Health Bureau.

Exhibit 6.3

Workers' Compensation Assessments as Expended

By Fiscal Year of Expenditure

FY03	FY04	FY05	FY06	FY07
$4,512,300	$4,584,468	$4,735,449	$5,553,324	$5,771,412

Subsequent Injury Fund

The Subsequent Injury Fund (SIF) was established by legislation passed in 1973. The purpose of the SIF is to assist individuals with impairments in obtaining employment by offering financial incentives to employers that hire SIF-certified individuals. Many states have similar funds called either subsequent or second injury funds. Montana's program is funded through an annual assessment on Plan 1, Plan 2 and Plan 3 via direct bill or via a surcharge.

The law defines "person with a disability" as a person who has a medically certifiable permanent impairment that is a substantial obstacle to obtaining employment or re-employment. Also taken into account are such factors as the person's age, education, training, experience and employment rejections.

The SIF program reduces the liability of the employer by placing a limit on the amount an employer, or the employer's insurer, will have to pay if the worker becomes injured or re-injured on the job. When that limit is reached, SIF assumes liability for the claim. If a certified worker does become injured on the job, the worker remains entitled to all benefits due under the Workers' Compensation Acts.

There were 177 new SIF certifications during FY07 bringing the total to 4,003 SIF-certified individuals in the state of Montana.

The assessment surcharge is based on a percentage of the wage loss and medical benefits paid in Montana by each insurance plan in the preceding calendar year. The rate is set by the ERD based on the total amount of paid losses reimbursed by the fund in the preceding calendar year and the expenses of administration, less other income.

Exhibit 6.4

SIF Payments and Dollars Assessed

By Plan Type[1] and Calendar/Fiscal Years

Plan Type[1]	FY03		FY04		FY05		FY06		FY07	
	Payments CY01	Assessment FY03	Payments CY03	Assessment FY04	Payments FY04[2]	Assessment FY05	Payments FY06	Assessment FY06	Payments FY07	Assessment FY07
Plan 1	180,361	99,700	62,115	0	55,417	42,792[3]	184,279	0	340,568	0
Plan 2	43,294	19,854	135,513	14,857	116,938	82,832	17,545	0	250,886	0
Plan 3	12,461	381	94,312	48,642	204	151,763	223,959	0	1,183	0
Total	***$236,116***	***$119,935***	***$291,940***	***$63,499***	***$172,559***	***$234,595***	***$425,783***	***$0***	***$592,637***	***$0***

Note:

[1]Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance and Plan 3 – Montana State Fund

[2]Change from Calendar Year to Fiscal Year basis (39-71-915, MCA 2007)

[3]Previous year carryover credit from Plan 1 reduced the actual Assessment to zero

Uninsured Employers' Fund

The role of the Uninsured Employers Fund (UEF) is to provide benefits to employees injured on the job while working for an uninsured employer. Another primary role of the UEF is to ensure employers comply with workers' compensation laws so that employees are properly covered.

The UEF Unit levies and collects penalties for the time that the employer is uninsured. UEF requires an uninsured employer to pay a penalty to the fund. Penalties can be double the insurance premium that would have been paid by the employer, or $200, whichever is greater.

Exhibit 6.5

Uninsured Employers' Fund

Financial Activity by Fiscal Year

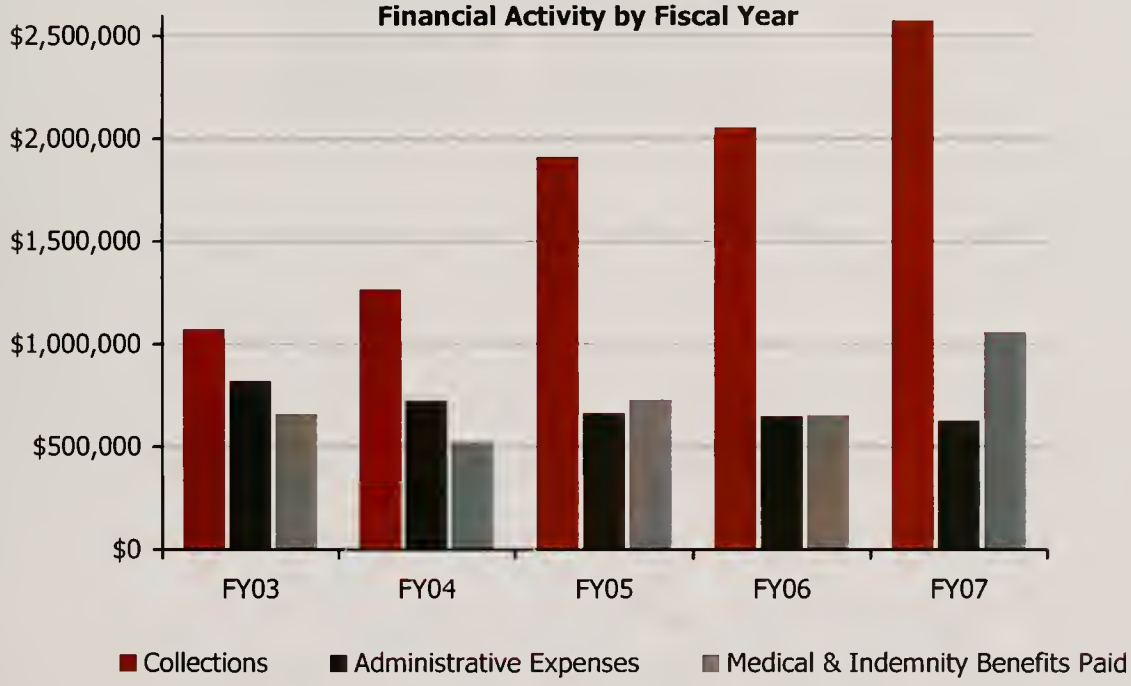


Exhibit 6.6

Uninsured Employers' Fund

Financial Activity by Fiscal Year

	FY03	FY04	FY05	FY06	FY07
Collections	$1,071,012	$1,412,419	$1,908,717	$2,051,992	$2,574,227
Administrative Expenses	$820,898	$808,130	$665,296	$650,133	$625,967
Medical & Indemnity Benefits Paid	$662,301	$522,973	$728,279	$654,758	$1,056,844

Exhibit 6.7

UEF Medical and Indemnity Payments - FY07

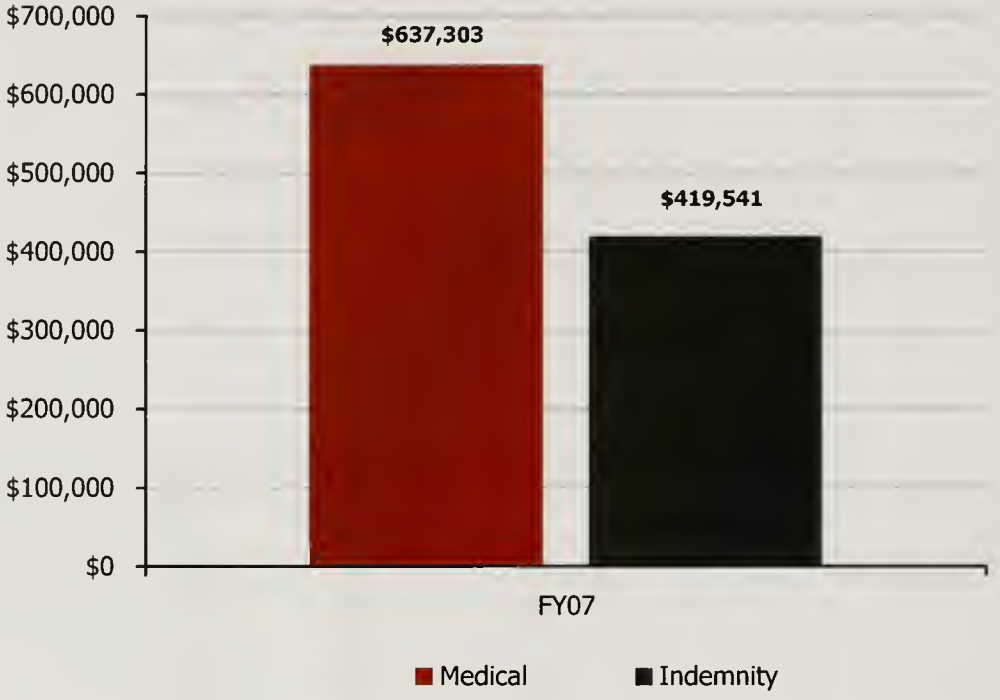


Exhibit 6.8

UEF Medical and Indemnity Payments

By Fiscal Year

	FY03	FY04	FY05	FY06	FY07
Medical	284,271	174,388	470,659	336,953	637,303
Indemnity	378,030	348,585	257,620	317,805	419,541
Total	***$662,301***	***$522,973***	***$728,279***	***$654,758***	***$1,056,844***

Note: The UEF recorded claims from 63 workers who were injured in FY07 and whose employers were uninsured.

Occupational Safety & Health

The vision of the Occupational Safety and Health Bureau is to be the premier resource in making Montana a leader in safety culture with the belief that all injuries are preventable and that the only acceptable goal for workplace injuries and illnesses is zero. The Bureau mission, then, is to raise the level of awareness of Montana employers, employees and the public about workplace safety and health through public-sector compliance inspections, private-sector consultation visits, technical assistance, training, public outreach and partnerships with other agencies and associations.

The Occupational Safety and Health Bureau partners with private and public entities to organize and present monthly safety and health presentations. These monthly Focus Groups target risk managers, safety coordinators and students in the field of safety and health to address the most current issues of the day. Also, the Bureau provides private sector interventions aimed at helping businesses improve their health and safety management systems.

Occupational safety statistical analysis, private and public sector safety and health consultation, training, education, and compliance, Occupational Safety and Health Administration (OSHA) Consultation grant match, mining inspection, education, and training, Mining Safety and Health Administration (MSHA) Training grant match, and Safety Culture are functions of the Occupational Safety and Health Bureau.

Montana employers and workers have an additional safety-oriented resource in the Montana Safety Culture Act. The Act focuses on encouraging employers and employees to work together to implement strong workplace safety programs. Information on the Act's requirements and how to implement them can be found at:

http://erd.dli.mt.gov/safetyhealth/cultureact.asp.

Exhibit 6.9

Occupational Safety & Health Activities - FY07

Occupational Safety & Health - Employer Sector	
Public Inspections Performed	578
On-site Inspection Performed	284

Mining Section	Coal					Sand & Gravel Operations				
	FY03	FY04	FY05	FY06	FY07	FY03	FY04	FY05	FY06	FY07
Inspections Conducted	38	37	39	34	35	84	78	59	51	62
Mine Training Sessions Conducted	13	9	10	8	5	97	122	93	128	150
Workers Trained	200	210	169	31	56	1,679	2,468	1,728	1,983	2,192
Coal Mine Foreman Training Sessions Conducted	6	2	1	8	5	--	--	6	--	--
Coal Mine Foremen Trained	40	28	6	45	43	--	--	--	--	--

The Occupational Safety and Health Training Institute within DLI offers basic and advanced training courses in safety and health. These courses are scheduled a year in advance and are free of charge. Subject matter includes the OSHA 10-Hour course for general industry and for construction, confined space, inspection techniques, trenching and excavation, accident investigation, scaffolding, health and safety management, fall protection, welding, and more. Courses are designed to build a more effective workforce and to aid in the professional development for Montana employers and employees.

The Institute maintains a record of courses successfully completed by each student. These records are useful to both the student and the employer in demonstrating the commitment to a strong safety culture. Certificates are issued to those successfully completing the various courses. For more information visit: www.montanasafety.com

Training Institute	CY07
Training Sessions	40
Workers Trained	705
Local Focus Groups	**CY07**
Training Sessions	22
Workers Trained	284
Interventions	**CY07**
Outreach/Assistance	60
Workers Affected	181

Independent Contractor Exemption Certificates

Independent Contractor Exemption Certificates are issued through DLI's Independent Contractor Central Unit. It is the intent of the program to assure only those individuals who are truly established in a business receive an Independent Contractor Exemption Certificate and those who hire them can rely on the certificate as conclusive proof the worker is an independent contractor.

Certificates may be suspended if enough control is exerted over the worker by the hiring agent to destroy the independent contractor relationship. They may also be revoked if a certificate holder fails to cooperate with the department. During FY07, 327 investigations took place across the state either affirming independent contractor relationships or requiring workers' compensation policies. The department revoked 19 exemption certificates for failure to cooperate with the department's investigation.

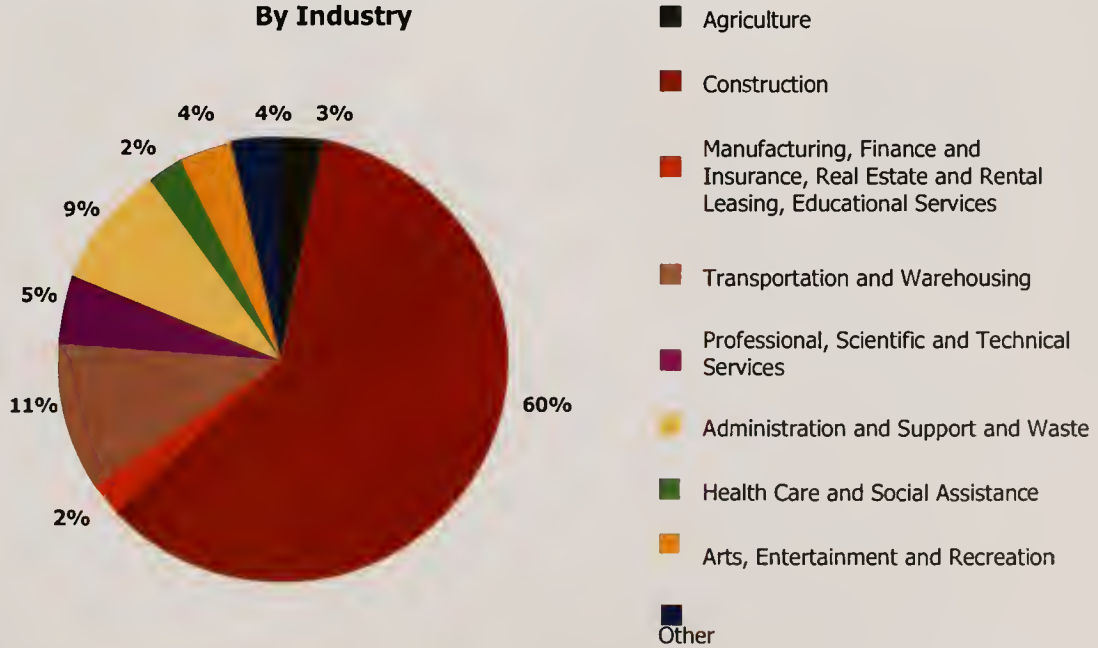
One goal of the program is to educate the public of the rights and responsibilities of being an independent contractor or hiring one. This is accomplished through seminars, presentations, home show participation, news articles, a multi-media campaign, and as a last resort, penalty enforcement. Both the worker and those that hire them may be penalized. No penalties were issued for FY07.

The department received 8,440 applications during FY07, of which 7,691 were approved and 594 were denied (the remainder are pending a decision). Failure to provide a complete application was the primary reason for the denials. With 60% of the total applications, the Construction industry is the industry with the largest number of applicants.

Exhibit 6.10

Percent of Independent Contractor Exemptions

By Industry



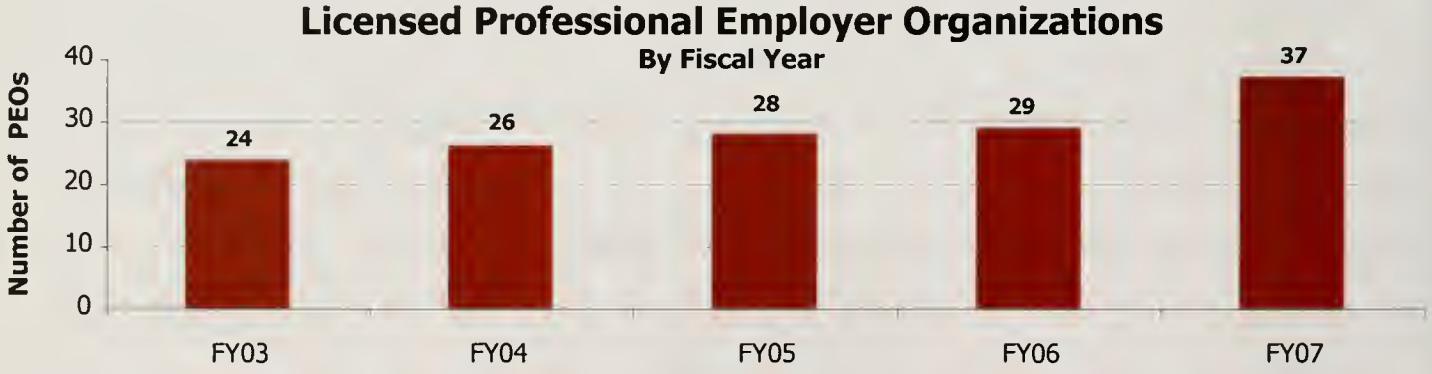
The website www.mtcontractor.com provides more information on independent contractors in Montana.

Professional Employer Organizations

Professional Employer Organizations (PEO's) are required to be licensed by the Department of Labor and Industry prior to operating in Montana. A Professional Employer Organization is a business in good standing that contracts with other businesses, providing them with leased employees, thus becoming the employer of record. A PEO manages the paperwork responsibilities associated with having employees, such as paying employee wages, workers' compensation premiums, payroll-related taxes, and employee benefits from their own account without regard to payments by the client. The client company, sometimes termed a co-employer, pays the PEO the employee costs plus an administrative fee. A client is an employer who obtains all or part of its workforce through an employee leasing arrangement or a professional employer arrangement by contract with a Professional Employer Organization.

In FY07, ERD renewed and maintained 37 PEO licenses. An increasing number of client companies maintained contracts with a PEO in FY07, and through the 557 client companies of record, 3,339 employees were employed.

Exhibit 6.11

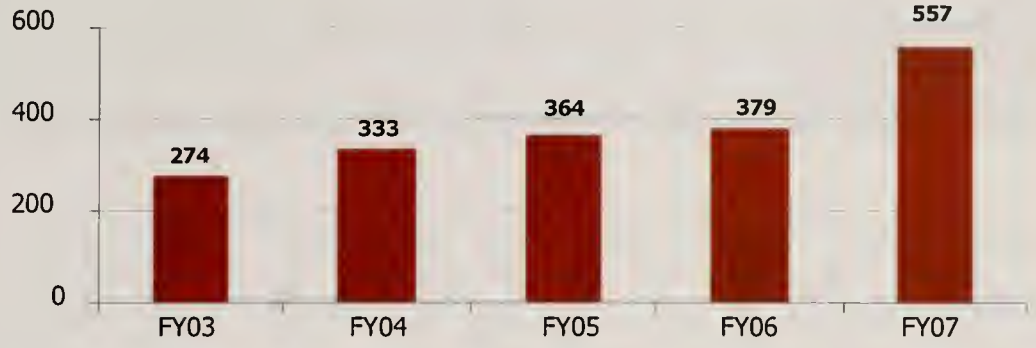


Data Source: Unemployment Insurance Tax System (UIT)

Exhibit 6.12

Number of Professional Employer Organization Clients

By Fiscal Year

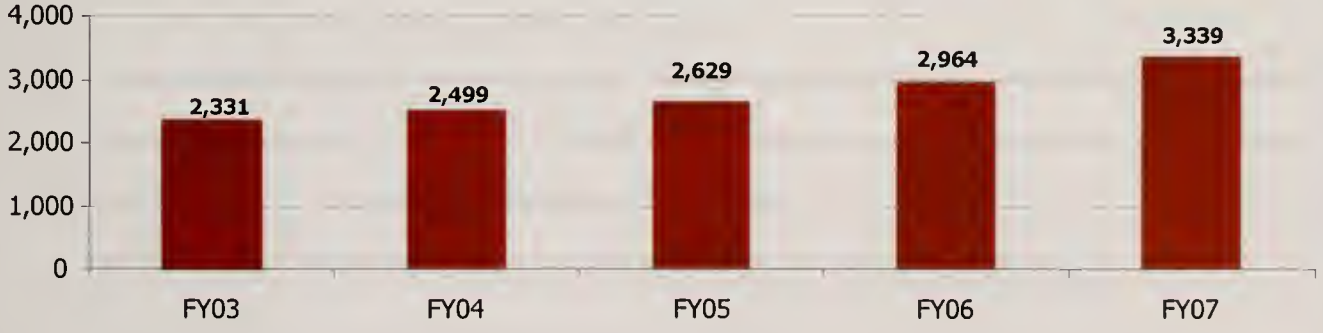


Data Source: PEO Client Database – WC Regulation Bureau

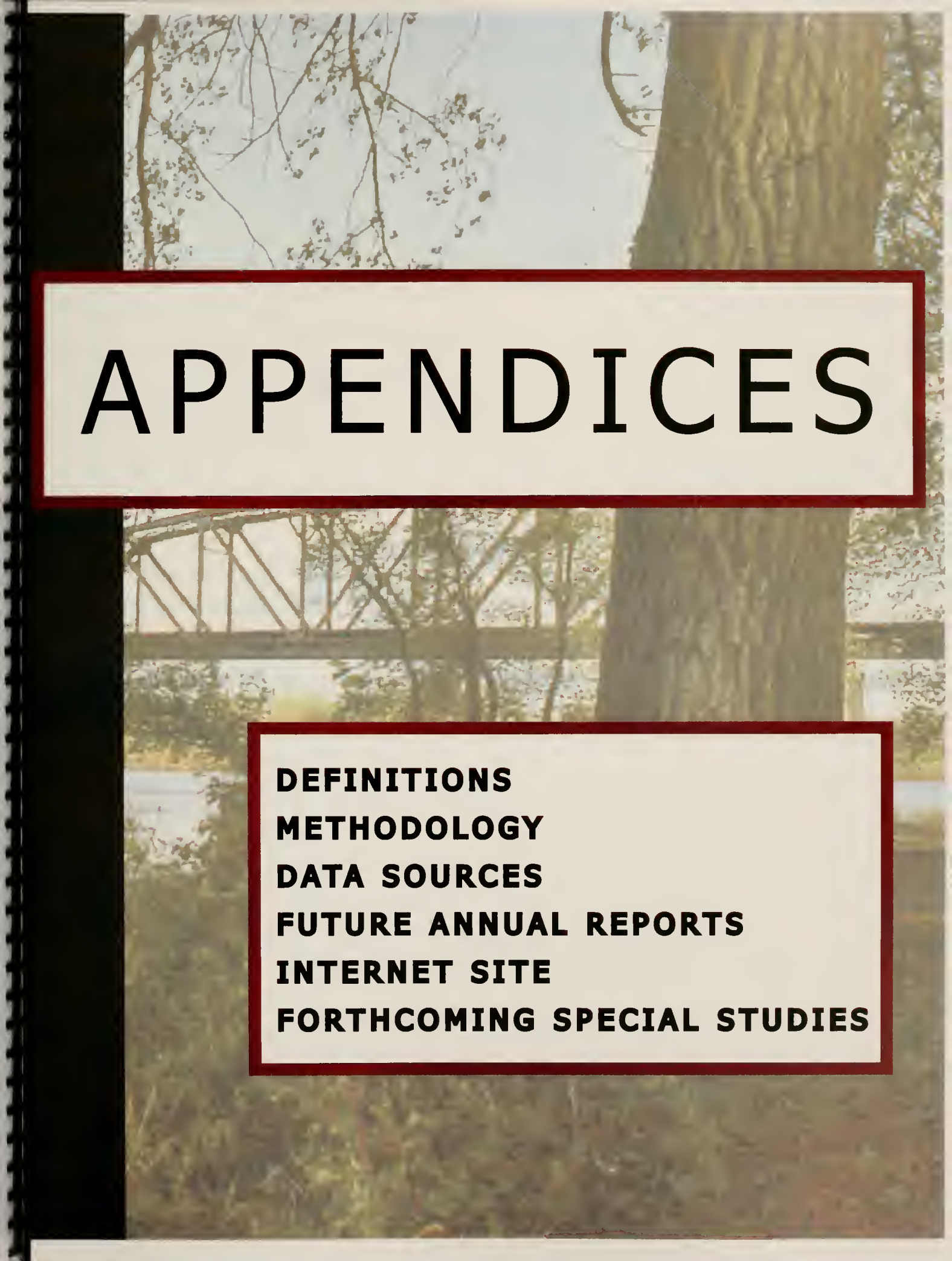
Exhibit 6.13

Leased Employees

By Fiscal Year



Data Source: PEO Client Database – WC Regulation Bureau



APPENDICES

DEFINITIONS
METHODOLOGY
DATA SOURCES
FUTURE ANNUAL REPORTS
INTERNET SITE
FORTHCOMING SPECIAL STUDIES

Definitions

Calendar Year: The year beginning January 1st and ending December 31st.

Cause of Injury Code: The code that corresponds to the cause of injury or occupational disease. The International Association of Industrial Accident Boards and Commissions (IAIABC) codes for cause are divided into nine categories. A tenth category, "Miscellaneous Causes" was created to account for the records that did not have a cause code entered or All Other Claims, NOC (Not Otherwise Classified).

Burn or Scald – Heat or Cold Exposure: Includes chemical, hot or cold objects, temperature extremes, fire or flame, steam or hot fluids, dust, gases, fumes or vapors, welding, radiation, abnormal air pressure and electrical current.

Caught In, Under or Between: Includes caught in or between machinery, an object being handled and miscellaneous objects such as earth slides or collapsing materials either man made or natural.

Cut, Puncture, Scrape or Injured By: Includes punctures, cuts, or scrapes as a result of broken glass, hand tools, utensils, power tools or appliances.

Fall, Slip or Trip: Includes falling from a different level or on the same level, ladder or scaffolding falls, slipping on liquid or grease spills, fall into opening such as shafts, excavations or floor openings, stairs or slips on ice and snow.

Miscellaneous Causes: Includes absorption, injection or inhalation, foreign matter in eye, robbery or criminal assault, not otherwise classified (NOC); includes all records where cause was not reported on the First Report of Injury or where the code could not be converted to IAIABC codes.

Motor Vehicle: Includes crash of water vehicle, rail vehicle, collision with another vehicle or fixed object, rollovers, rough riding and airplane crashes.

Rubbed or Abraded By: Includes repetitive motion such as callous, blister, etc.

Strain or Injury By: Includes continual noise, twisting, jumping, holding or carrying objects, lifting, pushing, pulling, reaching, and using tool or machinery, welding or throwing and repetitive motion.

Striking Against or Stepping On: Includes moving machine parts, objects being lifted, sanding, scraping or cleaning operations, stationary objects and stepping on sharp objects.

Struck or Injured By (Includes Kicked, Stabbed, Bit, Etc): Includes falling or flying objects, hand tools or machines in use, co-workers, or patients, motor vehicles, moving machine parts and objects handled by others.

Compensation Benefits: Any payment made directly to the worker (or the worker's beneficiaries) other than a medical benefit. The term includes payments made pursuant to a reservation of rights or in settlement of a dispute over initial compensability of the claim. The term does not include expense reimbursements for items such as meals, travel or lodging.

Employment Relations Division (ERD): The State of Montana's regulatory agency for workers' compensation. This division is part of DLI.

Fiscal Year: The State of Montana's fiscal year begins July 1st and ends June 30th of the following year. (Example: 07/01/06 - 06/30/07 = FY07)

First Report of Injury and Occupational Disease (FROI): The initial report designed to notify parties of the occurrence of an injury or occupational disease. The FROI contains basic claim information about the worker, accident, employer and insurer.

Indemnity Payments: Payments made by the insurer to the injured worker to compensate for the loss of wages resulting from an injury or occupational disease.

International Association of Industrial Accident Boards and Commissions (IAIABC): An organization of workers' compensation specialists including government officials and regulators, business and labor leaders, medical providers, law firms, insurance carriers, and rehabilitation and safety experts. Working groups work jointly to standardize reporting of workers' compensation data. Standards have been developed for communicating data electronically through Electronic Data Interchange (EDI).

Montana Code Annotated (MCA): The definitive guide to Montana laws, consisting of the Constitution, codes and statutes. The MCA is normally published each odd numbered year incorporating changes made by the Legislative session of that year.

Nature of Injury Code: The code that corresponds to the nature of the injury or occupational disease. The IAIABC codes for nature are divided into eight categories. A ninth category "All Other Claims, NOC", was created to account for the records that did not have a nature code entered.

All Other Claims, NOC: Includes asphyxiation, loss of circulation, infection, concussion, heart problems, vision loss, hearing loss, poisoning, fainting, no physical or psychological injuries; includes all records where nature code was reported as "unclassified", the code was not reported on the First Report of Injury, or the code could not be converted to IAIABC codes.

Amputation: Includes loss of a limb that involves bone, loss of part of an organ, enucleation or severance of a body part.

Bruise or Swelling: Includes contusions, broken blood vessels and inflammation.

Burn or Exposure: Includes electrical shocks, chemical burns, temperature extremes, freezing, sunburns, heat stroke and lightning.

Cut or Abrasion: Includes slivers, lodged small objects, open wounds, scrapes and needle sticks.

Fracture: Includes any breaking of a bone.

Multiple Injuries: Involves more than one Nature of Injury Code.

Occupational Disease: Includes repetitive motion, loss of hearing or sight, respiratory conditions, poisoning, mental disorders, radiation, heart disease, cancer, AIDS, carpal tunnel and any disease resulting from work related experiences.

Sprain or Rupture: Includes strains, dislocations, hernias, organ ruptures and trauma to joints or muscles.

Other Benefits Code: A code that identifies the type of other benefits paid to date or recovered for an injury or occupational disease. The following are IAIABC code definitions:

Consultant/Expert Witness Fees Paid to Date by Insurer: Sum of fees paid to expert witnesses (in a legal proceeding for expert testimony or opinion) for this claim.

Employer's Deductibles Recovery: Sum of monies recovered through Insured reimbursement of deductible amounts for this claim.

Funeral Expenses Paid to Date: Sum of the funeral expenses for this claim.

Hospital Costs Paid to Date: Sum of costs of both inpatient and outpatient services which the injured employee received because of the work related injury.

Insurers Legal Expense Paid to Date: Sum of the employer's legal expenses paid for this claim.

Other Medical Paid to Date: Sum of medical costs not included in payments to physicians or hospital costs, i.e. laboratory tests, prescriptions.

Other Vocational Rehabilitation Education Paid to Date: Sum of vocational rehabilitation services not otherwise reported for this claim.

Overpayment Recovery: Sum of monies recovered due to overpayment of indemnity, medical or expenses for a claim.

Subrogation Recovery: Sum of monies recovered through subrogation for this claim.

Total Payments to Physicians: Sum of services paid to physicians for this claim.

Unspecified Recovery: Sum of monies recovered through salvage, apportionment/contribution, and all others not otherwise defined for a claim.

Vocational Rehabilitation Education Paid to Date: Sum of vocational rehabilitation education payments (including tuition, books, tools, transportation and additional living expenses) for this claim.

Vocational Rehabilitation Evaluation Expense Paid to Date: Sum of vocational rehabilitation evaluation services (testing and evaluating the claimant's ability, aptitude, or attitude in determining suitability for vocational rehabilitation or placement) for this claim.

Part of Body Code: The code which corresponds to the part of body to which the employee sustained injury or occupational disease. The IAIABC code definitions for part of body are divided into six categories. The additional categories of "Wrist", "Back" and "Knee" are reported to provide greater detail. A tenth category, "All Other Claims, NOC", was created to account for the records that did not have a part of body code entered.

All Other Claims, NOC: Includes all records where the part of body code was reported as "unclassified", the code was not reported on the First Report of Injury, or the code could not be converted to IAIABC codes.

Back: Includes the upper and lower back, disc, or lumbar and sacral vertebrae.

Head: Includes multiple head injuries, skull, brain, ears, eyes, nose, teeth, mouth, soft tissue or facial bones.

Knee: Includes the patella (kneecap) and supporting ligaments.

Lower Extremities: Includes multiple lower extremities, hip, upper leg, knee, lower leg, ankle, foot and toe.

Multiple Parts: Includes artificial appliances, multiple body parts or body systems.

Neck: Includes multiple neck injuries, vertebrae, disc, spinal cord, larynx, soft tissue or trachea.

Trunk: Includes multiple trunk injuries, upper and lower back, disc, chest, sacrum and coccyx, pelvis, spinal cord, internal organs, heart, lungs, abdomen and buttocks.

Upper Extremities: Includes multiple upper extremities, upper arm, elbow, lower arm, wrist, hand, fingers, thumb and shoulders.

Wrist: Includes hand and wrist or just wrist injuries.

Occupational Disease: Harm or damage caused by work-related events that occur on more than a single day or work shift. It includes acute chronic illnesses or diseases caused by inhalation, absorption, ingestion or overuse syndrome.

Occupational Injury: A cut, fracture, sprain, amputation, or other physical harm, which results from a work accident on a single day or during a single work shift.

Permanent Partial Disability (PPD): Permanent impairment resulting from an injury or occupational disease, after achieving maximum medical improvement that impairs the worker's ability to work and causes an actual wage loss. PPD benefits are calculated using 66⅔% of the wages received at the time of injury, not to exceed half the state's average weekly wage at the time of injury. Maximum length for PPD benefits is determined by the date of injury.

Permanent Total Disability (PTD): A physical condition resulting from an injury or occupational disease, after achieving maximum medical improvement, in which the worker has no reasonable prospect of physically performing regular employment. PTD benefits are calculated using 66⅔% of the wages received at the time of injury, not to exceed the state's average weekly wage at the time of injury. The injured worker may receive cost of living increases.

Plan Type: The type of workers' compensation insurance coverage chosen by an employer. There are three different types of insurance plans:

Plan 1: Self-insurance provided by employers who have sufficient financial strength to cover potential workers' compensation claims. If an injury occurs, a self-insured employer will pay the expenses and benefits.

Plan 2: Insurance coverage provided by a private insurance company.

Plan 3: Insurance coverage provided by the Montana State Compensation Insurance Fund (Montana State Fund).

UEF: Uninsured Employers Fund (UEF).

Professional Employer Organizations (PEO): Professional Employer Organizations provide human resource services for small to medium size businesses. Examples of services provided by PEOs are staffing, securing unemployment and workers' compensation insurance, and handling payroll taxes and medical benefits. PEOs must be licensed by ERD prior to contracting with any client companies.

Standard Industrial Classification (SIC) Codes: Codes used to categorize employers by industry and are published by the Federal Office of Management and Budget in the 1987 Standard Industrial Classification Manual. SIC codes are grouped into ten different industrial divisions, as listed below with examples of each division.

Agriculture, Forestry & Fishing (AFF): Includes establishments primarily engaged in agricultural production, forestry, commercial fishing, hunting, trapping and related services.

Construction: Includes establishments performing new work, additions, alterations, reconstruction, installations, and repairs. Three broad types of construction activity

are covered: building construction by general contractors, heavy construction other than building by general contractors, and construction activity by other special trade contractors.

Finance, Insurance and Real Estate (FIRE): Finance includes depository institutions, non-depository credit institutions, holding companies, other investment companies, brokers and dealers in securities and commodity contracts, and security and commodity exchanges. Insurance covers carriers of all types of insurance, and insurance agents and brokers. Real estate includes owners, lessors, lessees, buyers, sellers, agents, and developers of real estate. Establishments primarily engaged in the construction of buildings for sale are classified in construction.

Manufacturing: Includes establishments engaged in the mechanical and chemical transformation of materials or substances into new products. These establishments are usually described as plants, factories, or mills and characteristically use power driven machines and materials handling equipment. Establishments engaged in assembling component parts of manufactured products are also considered manufacturing if the new product is neither a structure nor other fixed improvement. Also included is the blending of materials, such as lubricating oils, plastic resins or liquors.

Mining: Includes all establishments engaged in the extraction of minerals occurring naturally, and also includes quarrying, well operations, milling, and other preparation customarily done at the mine site, or as a part of mining activity. Exploration and development of mineral properties are included.

Public Administration: Includes the executive, legislative, judicial, administrative and regulatory activities of federal, state and local governments.

Retail Trade: Includes establishments engaged in selling merchandise for personal or household consumption and rendering services incidental to the sale of the goods.

Services: Includes establishments primarily engaged in providing a wide variety of services for individuals, business or government establishments, and other organizations such as, hotels and other lodging places; establishments providing personal, business, repair, and amusement services; health, legal, engineering, and other professional services; educational institutions; and membership organizations.

Transportation, Communication, and Public Utilities (TCPU): Includes establishments providing to the general public, or to other business enterprises, passenger and freight transportation, communications services, or electricity, gas, steam, water, or sanitary services and all establishments of the United States Postal Service.

Wholesale Trade: Includes establishments or places of business primarily engaged in selling merchandise to retailers, to industrial, commercial, institutional, farm, construction contractors, or professional business users, or to other wholesale; or acting as agents or brokers in buying merchandise for or selling merchandise to such persons or companies.

Subsequent Report of Injury (SROI): A report that gives indemnity and medical payment information on an injured worker's claim. The report includes the date benefit payments begin and amounts paid by benefit type.

Temporary Partial Disability (TPD): A physical condition resulting from an injury or occupational disease, prior to achieving maximum medical improvement that causes a partial loss of wages. TPD benefits are the difference between the injured worker's actual weekly wage and the actual weekly wage earned during the injured worker's temporary partial disability. TPD benefits are limited to a total of 26 weeks, but the insurer may extend the period. They are subject to a maximum of 40 hours per week and capped at the injured worker's Temporary Total Disability rate.

Temporary Total Disability (TTD): A physical condition resulting from an injury or occupational disease, prior to achieving maximum medical improvement that causes a total loss of wages. TTD benefits are calculated using 66⅔% of the wages received at the time of injury, not to exceed the state's average weekly wage at the time of injury.

Vocational Rehabilitation Benefits: Benefits paid to the injured worker at the worker's TTD rate. The benefits are paid for the period specified in the job placement or retraining plan, not to exceed 104 weeks. The plan is prepared by the rehabilitation provider and agreed to by the insurer and injured worker.

Methodology

Industry Divisions

Information is grouped by industry division whenever possible to allow for comparison using SIC codes. It is not mandatory to report SIC codes and if they are not provided, the injury will be reported under "NOC-Not Otherwise Classified" on the tables.

Injury and Occupational Disease Data

The First Report of Injury and Occupational Disease (FROI) is used to gather injury and occupational disease data. FROIs consist of four sections that provide information on the worker, accident, employer and insurer. It is completed and submitted to ERD by employees, employers or insurers. The injury or occupational disease may be reported under "NOC-Not Otherwise Classified", due to lack of data or the inability to categorize the data.

The FROIs in this study include all injuries and occupational diseases reported to ERD; however, all injuries and occupational diseases that occurred in Montana may not have been reported.

Subsequent Report Data

The Subsequent Report (SROI) is completed for each individual indemnity claim and is submitted to ERD by adjusters or insurers on every six-month anniversary of the date of injury, until the claim is closed or additional compensation or medical payments are not anticipated. The form includes claimant identification information, status of the claim, type of benefits paid and benefit payment amounts.

The study includes data reported to ERD on injury and occupational disease indemnity claims. Subsequent Reports may not have been submitted to ERD for all indemnity claims.

Benefits Section Report Methodology

The benefit information used to determine the amounts and dates of paid benefits is extracted from Subsequent Reports of Injury (SROIs). As defined above, SROIs are reports that the DLI requires insurance companies to submit at six month intervals throughout the life of an indemnity claim. The reports provide updates as to the status of an indemnity claim, including information on the wage loss and medical benefits paid. The SROI contains the amount paid for each type of wage loss benefit and specifies both the date benefits began and the date through which the stated benefit amount was paid. These dates are not explicitly stated for medical benefit information. The medical benefit information is required to be up-to-date when the SROI is submitted; therefore, the SROI submission date is used as the date through which medical benefit

payment information is current. The medical benefit start date is determined by the most recent of the date of injury or the date six months previous to the first SROI on which medical benefits appear for a claim.

The benefit amounts were adjusted for inflation to allow for direct year-to-year comparison. For each type of benefit, the paid amount was distributed proportionally over the months between the payment start and end dates. The monthly benefit amounts were inflation adjusted to April 2008 dollars using the CPI-U provided by the U. S. Department of Labor Bureau of Labor Statistics. Next, benefit amounts were aggregated by year from date of injury.

To illustrate this methodology, assume a benefit is paid from 1/1/2000 to 1/1/2001 for an injury that occurred on 7/1/1999. The benefits (post inflation adjustment) paid from 1/1/2000 to 7/1/2000 are reported in year one, and benefits paid from 7/2/2000 to 1/1/2001 are reported in year two.

For each claim and type of benefit an amount was calculated in this manner for each year from the date of injury. The yearly amounts from all of the individual claims and related benefit types were compiled and grouped by fiscal year of injury to create the tables reported in Section 5.

Data Sources

Department of Labor and Industry, Mediation Unit
The Mediation Unit of ERD provided mediation section data.

Department of Labor and Industry, Occupational Safety and Health Bureau
The Safety and Health Bureau of ERD provided safety section data.

Department of Labor and Industry, Workers' Compensation Regulation Bureau
The Workers' Compensation Regulation Bureau provided data for the following sections of the report: Plan 1 Gross Annual Payroll, Plan 2 and 3 premium dollars, PEOs, Indemnity and Medical Benefits, SIF, Managed Care Organizations (MCOs), UEF and IC Exemption Certificates.

Department of Labor and Industry Hearings Bureau
The Hearings Bureau provided Contested Case Hearings data.

Quarterly Expenditure Reports
Quarterly Expenditure Reports are reported to the DLI by carriers. Totals are data entered into WCAP in three categories; compensation, medical and miscellaneous.

Regulatory Costs and Industrial Accident Rehabilitation Trust Fund Expenses
These costs were obtained from the State's Accounting, Budgeting and Human Resource System (SABHRS).

Workers' Compensation Court
WCC data were provided by the court, which is administratively attached to the DLI.

Workers' Compensation Database (WCAP)
The database system was built at the request of the legislature to provide management information. Employers, insurers, claimants, attorneys, medical providers and other parties of the workers' compensation community in Montana provide data for the system. ERD maintains the database.

Future Annual Reports

If you have suggestions or comments about this annual report, please share them with us. We are most interested in any comments or suggestions that will make this report more useful to Montanans in general and the workers' compensation system in particular. You may direct your comments to:

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Internet Site

This report and previous reports are available on the Internet at the following web site: http://erd.dli.mt.gov/wcclaims/wcchome.asp

Forthcoming Special Studies

- Attorney Fee Supplement to Settlement Attorney Fees[1]
- Research and survey studies regarding return-to-work duration and outcomes

To request a copy of an Annual Report, Attorney Fee Supplement or special study please contact:

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[1] Published annually

No cost disclosure is required because the FY 2007 Annual Report was printed internally at the Employment Relations Division.